

Elegance reshaped. Luxury refined.

RESSIDA



TOYOTA
CRESSIDA



NATIONAL BUSINESS REVIEW

Incorporating Admark

80 cents

Inside

THE WEEK

Digging in for the dinkum oil — Page 2

Taxman thinking fast over "think big" — Page 3

Offshore bankers line sights on Cook Islands — Page 3

COMMENT

Editorial, Brookie's view, Without word of a lie — Page 6

Things aren't comic for Mat Rata — Page 7

Letters to the editor — Pages 8 and 28

POLITICS

The semantics of accountability — Page 9

ECONOMICS

No tonic for inflation — Page 11

FINANCE

That was the year ('73) that was, and could be '81 — Page 13

The business week — Page 14

STOCK EXCHANGE

A weekly review of the share market turnover — Page 15

GOVERNMENT ADMINISTRATION

Taxman's troubles (continued) — Page 17

BUSINESS

AHI accounts — Page 19

ADMARK

More marketing mystique — Pages 20, 21

TRANSPORT

The carriers' subsidy that isn't — Page 22

OVERSEAS TRADE

由于气候温和，降雨们都可在新鲜而肥沃的土 — Page 23

HEALTH

The foods we eat, the illnesses we invite — Pages 24, 25

FISH FARMING

When the salmon don't run, or even dawdle — Page 29

MANUFACTURING

Heavy engineers' hard times — Page 32

BOOKS

Superstar now No 3 in all-time charts — Page 33

INDUSTRIAL RELATIONS

The idea whose time has come... and gone again — Pages 36, 37

ENVIRONMENT

Plumbing the lead-free petrol problem — Page 38

COMPUTERS

Don't let DP depress you — Pages 42-44

Water into wine '80 vintage

by Frank Thorpy

WITH almost biblical stewardship, the Wine Industry managed to produce 50 per cent more wine than grape juice, in 1980.

In fact, almost a repetition of the New Testament wedding at Cana... on a 46.6 million litre scale.

Latest figures from the Ministry of Agriculture and Fisheries 1980 vineyard survey, the most comprehen-

sive yet compiled, show clearly how much adulteration of wine has been going on.

Last year, 46.6 million litres of wine were produced (Department of Statistics figures) from 30 million litres of grape juice at the very most — a shortfall of more than 50 per cent.

The survey adds strength to Opposition claims that the industry has gained too much protection at a high cost to the consumer, and that the legisla-

tion which protects the industry from imports should have been referred to a select committee. But it was not subjected to committee scrutiny and became law on July 1.

The survey — released to the public only on demand, in computer form — shows 4785 hectares of vineyards were planted in 1980. But of that total, 2391 hectares were represented by new plantings (vines up to two years old and therefore not capable of bearing grapes) so

that the 46,647,000 litres of wine produced that year came only from 2395 hectares.

This gives a total of about 19,477 litres of wine produced per hectare, or 1785 gallons per acre.

Production figures from other countries are enlightening:

Litres of wine per hectare of bearing vines	
Italy	4,590
France	4,500
Germany	11,840
Argentina	7,359
Australia	5,368
California	10,811
New Zealand	19,477

In hindsight, surely it would have been better for the Government to have forced the local industry to compete with imports while there is such a serious grape shortage. This would have kept the public image of wine high in popular esteem.

As it is, the shortage of grapes has led to the proliferation of cheap flavoured wines made with a minimum of 40

per cent grape juice. This can only turn the public perception of wine back to the old plonk syndrome.

The Ministry's figures refer to last year's production but many sympathetic and experienced observers feel that some of the bad old practices are slowly creeping back because of the continued shortfall of grapes this year — in spite of a tightening up of the Food and Drug Regulations late last year and a promise that the new regulations would be strictly policed.

If 2395 hectares of grapes produce 30 million litres of real wine made essentially from grape juice, 4785 hectares, when all are bearing, should produce about 60 million litres of real wine, which is about the projected 1986 figure on which the Wine Institute based its case for both local consumption and exports.

We may be nearing the end of rapid vineyard development.

Continued Page 35

Latest prices, Page 16.



Just add water...

Financial reforms caught in impasse

by Klaus Sorensen

URGENTLY needed reforms to anomalous financial advertising regulations have been caught in a Government-inspired impasse.

The reforms, recommended by the Securities Commission, stand little chance of becoming legislation until next year because the Government has ranked necessary changes to the Securities Act as a medium-to-low priority.

Present restrictions on advertisements for prospectuses and general fund-raising are administered by the Companies Act. They therefore apply only to registered companies.

Building societies and other groups, such as friendly societies, are not required to conform to Companies Act requirements. The finance industry, therefore, feels its competitors are operating with an unfair advantage.

The Securities Commission has sought (undisclosed) changes to part one of the Securities Act which governs its powers and conduct. Until

these alterations are made parts two and three of the Act which include reforms to prospectus and advertising rules, must remain in abeyance.

But Justice Minister Jim McLay has advised the commission that "it is not possible to fit amendments to the Act into the 1981 legislative programme," though, "this does not imply rejection of all or any of its proposals."

So the commission is hamstrung.

It cannot proceed with its proposed securities legislation reforms until the first part of the Securities Act is amended, and those amendments will not be considered until the 1982 legislative session.

But pressure is mounting for the second draft of proposed reforms — particularly the financial advertising suggestions — to be made available for public discussion in the intervening period.

Finance Houses' executive director Ken Baker told NBR last week his association intends to approach the Minister.

Nothing 'formal'

TRANSPORT Minister Colin McLachlan reiterated last week that his department has received no "formal" complaints from the Airline Industry Steering Committee about illegal airfare discounting by international airlines based in New Zealand, as disclosed in NBR.

McLachlan, replying to questions by self-appointed Air New Zealand watchdog John Kirk (Labour MP for Sydenham), added that no prosecutions have been taken against international airlines for such a practice in New Zealand since 1976. More disclosures, Page 12.

Get the facts on your desk every Monday morning...

from NEW ZEALAND TRADE REPORT

As an importer, manufacturer, retailer, or financier you are probably as well informed today as you have ever been about your own business, and your own industry's affairs. You have to be.

But how much do you know of what's happening to your suppliers, your customers, your competitors, and those who service your industry? Be the leader in your field this year by being better informed about what's happening to others, so that you will be the first to know what to do next. Be a leap ahead of your opposition.

You can put yourself ahead, starting today, by reading NEW ZEALAND TRADE REPORT every week... the only trade newsletter serving subscribers on both sides of the Tāman with background commercial intelligence, comment, and forewarnings of developments in trade, in industry, and in politics.

You, too, can profit from a 12-month subscription to NEW ZEALAND TRADE REPORT. Our style is journalism with its sleeves rolled up. It has to pay its way. If we do not improve your profits this year we are not delivering what we promised. You may be sure that we do deliver... that's why we have such a high rate of renewal among our subscribers.

We've been in business now for more than seven years, delivering what we've promised, year after year.

Use this coupon, or write to us on your own letterhead, for an introductory 12-month subscription, at a saving to you of \$25 on the 1981 subscription rate.

I want the facts, and the informed comment, which I will get every Monday morning in NEW ZEALAND TRADE REPORT.

Please add my name to your subscription list at the 1981 introductory rate of only \$55 a year (a saving of \$25 on the regular rate). I enclose my cheque.

Name.....

Address.....

Signature.....

Post today to New Zealand Trade Report, P.O. Box 17-159, Wellington, (8 Monaghan Avenue, Karori).

NBR/1

The week

Investors all set for the dinkum, tax-deductible, oil

by Klaus Sorensen
NEW ZEALAND's two offshore oil and gas floats will hit the market this week — and already tax deduction-hungry investors are lining up for big allocations.

The prospectus for the \$4 million Cue Energy Resources float was due to be registered on Friday, and some 20,000 prospectuses will be distributed this week.

The New Zealand Oil and Gas issue — originally due to be mailed to Mineral Resources shareholders (who receive a preferential entitlement) on July 16 — will be registered early this week and the printed prospectus will hotly follow that of Cue.

But while the \$20 million NZ Oil and Gas issue dwarfs that of Cue, brokers have been surprised by the allocations offered to them for the latter issue. The

allocations by Cue's broker, Jarden and Co, is proportionately greater than that made by NZ Oil and Gas broker, Renouf and Co.

NBR understands that the allocation for each member of the New Zealand Stock Exchange is \$10,000 worth of Cue shares — translating to an offer of 40,000 (25 cent par value) shares per member.

The NZ Oil and Gas issue, on the other hand, is one and a half times as great in dollar terms at \$25,000, but this translates into 50,000 (50 cent) shares — only 10,000 more shares per member than the Cue allocation.

There are some 170 members of the exchange and this means that of the \$4 million Cue issue, around \$1.7 million, or 43 per cent, of the issue has been firmly allocated to brokers.

About \$4.25 million of the \$20 million NZ Oil and Gas issue has been reserved for brokers, equivalent to 21 per cent of the issue.

This suggests Renouf and Co must be confident of filling the rest of the issue using its own clients, institutions, and the public pool.

Both issues are designed to comply with Section 159 (2) of the Income Tax Act 1976, where subscriptions, subject to various conditions, will allow a

deduction of one third of the amount of the subscription from total assessable income derived by the taxpayer in the income year in which the payment is made.

But the issues may, in time, also qualify for a further tax deduction for shareholders.

A relatively unknown section of the Act (47A), which came into force on April 1, 1979, allows a rebate from the tax payable by an "individual" of 20 cents in the dollar of

dividends which the Commissioner of Inland Revenue is satisfied are declared and paid out of assessable income from petroleum mining.

However, this rebate is not available to absentees, companies or public or unincorporated bodies.

NBR understands that Cue's brokers have already received an "extremely good" response to the issue, and the NZ Oil and Gas brokers have reportedly received numerous requests

for parcels in excess of 10,000 shares.

Some individuals are even talking in terms of parcels of 100,000 shares — but it seems likely the Commissioner of Inland Revenue will look more closely at individuals seeking such large deductions.

The Commissioner would have to be satisfied the individual was a "genuine" — and therefore longer term — oil exploration investor.

AS at July 16, NZ dollar sells at:

Britain	.4441	China	1.4450
US	.8368	Denmark	192.34
Canada	1.0095	France	4.7732
Australia	.7313	Greece	49.11
Fiji	.7334	Hong Kong	4.7415
Austria	14.22	India	7.3450
Belgium	33.06	Ireland	.5523

Exchange rates

Italy	1006.73	Pakistan	8.0950
Japan	192.34	Portugal	53.85
Malaysia	1.9429	Singapore	1.7859
Netherlands	2.2314	South Africa	.7594
New Caledonia	4.7415	Spain	80.37
Tahiti	86.89	Sweden	4.2965
Norway	5.0698	Switzerland	1.7224
		West Germany	2.0068
		Western Samoa	.8891

The week that was

THE Rugby Union, police and anti-tour activists geared up for the arrival of the Springboks. An attempt in the Court of Appeal to stop the issue of entry visas for the team was dismissed.

LABOUR Leader Bill Rowling, attacking the Government's "think big" growth strategy, issued *Signposts to Growth*, which brought together key elements of Labour policy released so far.

PAPUA New Guinea Prime Minister Sir Julius Chan warned the Springbok tour could upset the solidarity of the Pacific.

WELLINGTON Mayor Sir Michael Fowler was accused by gay protesters in San Francisco while trying to cement a sister city relationship.

MILLIONAIRE drug ring boss Alexander Sinclair (nee Terry Clark) and other accomplices were found guilty of the murder of Christopher Martin ("Mr Asia") Johnstone, sometime head of the drug ring. Sinclair's girlfriend

former Auckland Lawyer Karen Soich was acquitted of drug charges.

Week to be

MONDAY: International Whaling Commission plenary session, Brighton, England.

TUESDAY: Federated Farmers annual conference, Wellington, to Thursday.

Christchurch Gas, Coal and Coke Co Ltd AGM, Christchurch.

THURSDAY: New Zealand Wrestling Assn conference, New Plymouth.

Marac Holdings Ltd AGM, Auckland.

NZ News Ltd AGM, Auckland.

Auckland Gas Co Ltd AGM, Auckland.

FRIDAY: Computer Consultants Ltd AGM, Wellington.

Carter Holt Holdings AGM, United Building Society of Christchurch AGM, Christchurch.

Cash-in-hand comes easier

EXPORTERS will find it easier to apply for the export programme grants scheme — the one that gives them cash-in-hand before an export promotion gets under way — from next month.

From August 1, the Department of Trade and Industry is introducing a change in application procedures for the scheme, which has now been operating for more than a year.

As the first step in a review of procedures and policy guidelines, exporters will be able to apply for both stages of the scheme at the same time. It will no longer be necessary to apply

for target market status first and then a promotional grant.

Meat industry

DESCRIBING casualties in the meat processing industry NBR (June 22) suggested the Inlay works "may follow" "in the not-too-distant future" other works which have closed from wounds inflicted by the delicensing knife. Assistant general manager of Waiaki NZ Refrigerating Ltd, J M Ryan has told NBR that there is "no intention of closure in the known future."

Mortgage Funds Available

for Commercial and Farm proposal.

Minimum amount \$200,000, only prime proposal considered.

Strict confidentiality observed on all applications.

Apply to:—
Mortgage Brokers Ltd,
P.O. Box 1209,
WELLINGTON.

FULL MERCHANT BANK SERVICE

CBA MERCHANT FINANCE LTD
For information, phone Ken Littlejohn or John Morgan, Auckland 770-2881
P.O. Box 97-241, Auckland.

The week

Big projects give taxman new set of headaches

by Allan Parker

FOREIGN contractors coming to New Zealand for the "think big" projects are importing headaches as well as expertise.

Uncertainty about their tax status — and a desire to make sure they and the employees they bring with them do not avoid tax obligations — has prompted the Inland Revenue Department to set up a special investigating team.

If problems already emerging become more common or confusing, the department may seek amending legislation to remove potential conflict between the taxpayers and collectors.

Case history suggests the department is not slow to seek changes to tax law if it believes revenue is being lost to government through ineffective, ambiguous or even non-existent law.

A typical example last year was the move to amend legisla-

tion against companies buying into loss companies and using those losses under the carry-forward right.

Although no estimates of known or potential lost revenue are available, it is substantial.

For example, even 10 per cent profit on a \$10 million contract — small by "think big" proportions — would attract company tax of \$500,000 (overseas companies face 50 per cent tax on profits). Equally, labour costs for many of the projects are high — and tax from highly paid overseas employees would be significant.

The problems usually relate to countries with which New Zealand has negotiated double-taxation agreements. Such agreements now exist between New Zealand and Australia, Canada, Federal Republic of Germany, Fiji, France, Japan, Malaysia, Singapore, Sweden, United Kingdom and the United States.

Conventions approved by the New Zealand Government but awaiting implementation of constitutional procedures include Canada (revised), Denmark, Italy, Netherlands, Philippines and Switzerland.

Clearly, the bulk of contractors successfully tendering for work on the major projects planned for the next decade will come from these countries. Companies and individuals from countries we do not have double taxation agreement with automatically become New Zealand taxpayers for the time they are earning income here.

The difficulty in establishing a tax status for companies centres on whether they actually operate through a "permanent establishment" in New Zealand.

Unlike multinational companies which generally establish a permanent base in

New Zealand, one-off contractors may only be in New Zealand for brief periods. By law, companies reckoned to be "permanently established" in New Zealand are liable for taxation.

Says a departmental spokesman: "If a company has an office, branch or staff here we would clearly reckon it to be a permanent establishment."

But difficulties surrounding project contractors have prompted double-taxation agreements between countries to include operators of "substantial equipment" and companies working on construction sites for a fixed period of at least six months.

Problems have also occurred in trying to extract tax due from companies that have left New Zealand by the time corporate tax returns are due at the end of the financial year.

Some companies working jointly on a project have also formed a separate overseas company specifically to undertake the contract and have then disbanded it when the work has been finished.

"How do you get tax from a company that no longer exists?" bemoaned the tax department spokesman.

For individual foreigners, the general tax position in New Zealand is that anyone performing work in New Zealand with income sourced here is liable for taxation.

But under double-taxation agreements, individuals who are residents of the other relevant country and are working for a non-resident employer and are in New Zealand fewer than 183 days are exempt from this tax.

If these individuals are required to pay tax, their

employers must deduct PAYE payments from the beginning of the employment period. Refunds will then be made where necessary.

But companies commonly fail to do this. Reasons include a belief that it is a time-wasting effort for the company, and that employers believe falsely they and their employees have fulfilled the tests.

Commonly, the employees are highly paid, highly skilled experts and companies do not want to upset them and so risk losing their services.

These problems of interpretation have existed for some time, particularly during the Maui gas exploration and exploitation period.

But the planned scale of the new big projects means a far bigger problem for the Inland Revenue Department.

Other plays, Page 17



This family is in chaos.

You wouldn't know it to look at them. They themselves probably don't fully realise it. But if things go on as they are, it won't be long before all of them are suffering, and the family disintegrates. The cause is alcohol abuse. One parent is drinking too much and this is affecting every member of the family. Problems are surfacing — tension, guilt, loneliness, debt, ill-health unemployment, helplessness.

But there is hope. The modern approach to alcoholism shows that there is a way back, and better still, that there are ways to treat alcoholism before it reaches the chronic damaging stage.

Do you need help? We can assist. Our professional advice and treatment is confidential and it could save your family, home, job, even yourself.

RING OR CALL YOUR NEAREST SALVATION ARMY BRIDGE CENTRE. WE ARE THERE TO HELP YOU.



THE SALVATION ARMY
BRIDGE PROGRAMME

AUCKLAND 2 Churton Street, 793-764 793-748
WELLINGTON 35 Vivian Street, 848-265 869-293
CHRISTCHURCH 35 Collins Street, 384-436 782-743

PRESTIGE OFFICES
PORIRUA CITY CENTRE

FOR
LEASE

Cobham Court & Hagley St
Anticipated date of possession any 1982: four floors each 2693 sq ft to 2784 sq ft.
Remaining floors (except ground) available later.
Rental \$8.85 to \$9.95 per sq ft includes floor coverings, air conditioning, central heating etc.
Free public car park adjacent.

Sole Letting Agents

99 The Terrace Wellington Tel: 720-418
NATHAN



Development Finance Corporation

New Zealand's Development Bank

Offices at Auckland, Hamilton, Tauranga, Napier, Palmerston North, and Dunedin.

Editorial

SPEAKING just three weeks ago in support of the Customs Act Amendment Bill which imposed tariff quotas and new rates of duty for wines to protect the local industry, Customs Minister Hugh Templeton enthused that New Zealand wines would immediately become cheaper. "The price of most domestic wines will be reduced. There will be an increased volume, too, and there will be a greater variety of imported wine," he declared.

Retailers and wholesalers disagreed. They said it would take a while for the new prices to become apparent to consumers, and they warned that by the time the new tax levels filtered through, winemakers would have increased their prices, so the price of wine would stay about the same. That view seemed to have the support of Wine Institute executive officer Terry Dunleavy, who told the Auckland Star it was about the time of year when some wine companies increased prices, to recover increased production costs. The benefit of the new legislation, in his view, would be to provide more stable prices in the future because wine would not increase in price so frequently.

Just a fortnight later, many local wines were more expensive than before.

As Templeton explained, the purpose of the legislation is to reduce the effect of sales tax on higher price, better quality wines. The compensating increase in taxation on cheaper wines would encourage the industry "to shift production towards better-quality wines".

The major effect of the legislation for the local wine industry has been to remove a 20 per cent sales tax on the finished item (which included the bottle, label and freight costs). Instead, fortified grape wines are being taxed 60 cents a litre, and other grape wines 80 cents a litre (the equivalent of 37.5 cents for a standard 750 millilitre bottle of table wine). On the

other hand, the law doubles the price of what used to be cheap foreign wines by putting a penal import of \$4.50 a litre duty on imports costing less than \$2 a litre (fob). That duty was imposed contrary to the advice of the Industries Development Commission, which reported after studying the wine industry that high local prices would be met by consumer price resistance and result in a downturn in demand for wine. The IDC argued that to become export competitive, the local wine industry must compete, locally at least, with some imports.

By overhauling the IDC report, the Government aimed to allow more imports, but to steer those imports into a slightly higher price bracket in the hope of encouraging importers to bring in better-quality overseas wines. The expectation is that if medium to high quality foreign wines sell here at prices similar to those of our top premium wines, a ceiling will be placed on local wine prices, enforcing cost/price containment on our producers who want to maintain clearly defined quality/price strata inside their total product range. Dunleavy explained: "If they have to hold their top prices, they will also have to hold the lower prices to maintain the dividing price gaps."

Thus the declared intention was to increase the quantity and improve the quality of imports, but to protect us against cheap imports (or wean us off foreign plunk). The underlying assumptions equated cheapness with poor quality. One effect is that some importers have cancelled orders of wines costing less than \$2 (fob), which denies consumer access to popular wines from the United States, Australia, Portugal and Spain. Other importers have asked their suppliers to increase the prices of wines which they previously bought for, say, \$1 a litre (not only making those wines more expensive to consumers, but making them more cost-

ly in terms of foreign exchange). Meanwhile, the local industry is pumping out increasing quantities of high-priced, low-quality plunk for the domestic market while striving to export its better-quality wines. Consumers here are paying more for locally produced "flavoured wines", containing a minimum of 40 per cent grape juice, than the average Frenchman, American or Australian pays for a wine made from 100 per cent grape juice.

The industry insists its concern is to protect itself only against cheap wine imports (it points to a similar concern in the EEC about the consequence for the European wine industry of Spain, Portugal and Greece joining the community). It insists, too, that so far as producing wine is concerned, it is competitive. Costs beyond the control of the wine-maker — grapes, packaging, sales taxes, distribution costs — are said to be the elements that raise prices unduly.

The industry nevertheless makes plain its aspirations to contribute significantly to our export drive. Its objective is to become one of the range of high-quality exports of food produce for which this country has won an international reputation. The Government's decisions certainly challenge it to do just that, and give it five years to prove it can achieve the potential it claims.

Whatever the cause of its high prices, the industry obviously cannot produce wines which can compete on world markets — at least in the short term — if its position must be buttressed against the impact of cheaper Australian wines on the home market. As for quality, a wine industry which makes 46 million litres of wine from only 30 million litres of grape juice is bound to arouse curiosity, if not suspicion, about its production methods in the world marketplace. Not surprisingly, its annual export contribution is running

at only some \$680,000 (most of this earned in sales of cheap sherry to Canada).

Agreed, development of an export market takes time and by the end of the decade the wine industry may confound the sceptics. In the meantime, the industry has been given a privileged and protected place in the market, and — as one merchant cautioned before enactment of the new legislation — if winemakers used that privilege to hike their prices, they would be sure to suffer a backlash from consumers. Omnisciently, the New Zealand Herald reported last week that "soaring vineyard costs are quickly swallowing up the cash advantage drinkers expected to find following the restructuring of wine taxes." Several of the big companies are raising prices to recover the increases costs of wages, grapes, freight, and so on. The only solace for consumers is that prices might have climbed even higher, if the legislation had not been passed.

But the spite of increases make a mockery of Templeton's assertion that the main thrust of the legislation would make most local wines cheaper. The Opposition argued that the Bill should have been referred to a select committee and expressed concern that consumers should have had the chance to put their view. As Dr Michael Bassett said, Labour was not opposed to the Bill, but wanted a select committee to determine — for example — what guarantees there were that consumers would not be paying more than they should for imported wines. Regardless of what has caused the local wine increases, Templeton has been left looking ludicrously out of touch with an industry which the law he is sponsoring was designed to protect. His foolhardy forecast, surely, would not have been made if the legislation had been subjected to the thorough public appraisal that it critics called for.

— Bob Edlin

Brockie's view



Without word of a lie

Let's hear it for . . .

US Ambassador Frank Gill may have got mixed reactions from the listeners to his after-dinner jokes the other day, but he could have brought the house down if he finished his speech as he wound up an election meeting in East Coast Bays before the last general election.

Frank's endearing habit of getting himself a bit mixed up verbally raised more than a few giggles in the Mairangi Bay Presbyterian Church Hall when he asked for a "fairy note" of thanks to those who had organised the meeting.

Bounteous Bounty

ONLY one can possess it . . . but can anyone afford it?

We can now, sadly, record the scuppering of that ambitious project to remake the *Mutiny on the Bounty* by filmmaker Dino de Laurentis with a replica Bounty built in Whangarei. The week's *Far Eastern Economic Review*, circulating throughout Asia, carries a full page ad offering for sale "this amazing vessel (which) was built from the original plans of the HMS Bounty (which) incorporates old world craftsmanship with state of the art shipboard technology".

Seller is New York-based Dinofilm, presumably a de Laurentis operation. Waxing the ad: "What if it were possible to combine the romanticism, the rugged determination and the beauty of the past with the credible sophistication of today's technology, this world there is one example of such possibility."

"The Bounty. What if one person possessed it?" Asking price for frustrated mutineers: \$4.5 million.

National Business Review incorporates *Adventures in Business* and is a legislated publication weekly (except last week December and first two weeks January).

Set and composed by Fourth Estate Newspapers Ltd. Printed by R. Lodge & Sons Ltd. 118 Kaiti Road, Paraparaumu.

Single Copies: 80 cents. Subscription: NZ\$10. Member ABC (Audit Bureau of Circulations).

Auckland Office:
1st Floor, Shavea Building
38 Fort Street, Auckland
Tel: 798-304 (Editorial)
Tel: 798-304 (Sales)
PO Box 1734

Bureau:
Warren Berryman

Sales (Circulation & Subscriptions):
Pete Hayman

Editorial:
Editor: Bob Edlin
Business editor: Klaus Sorenson
Sub-editor: Warren Mayne

News & Features:
Colin James, Stephen Bell, Jack Hodder, Allan Parker, Ann Taylor, Richard Fletcher

Advertising Sales:
Manager: Paul A. C. S. Loh

Subscriptions:
Ian Daisel

NATIONAL BUSINESS REVIEW

Published by Fourth Estate Newspapers Ltd.
Managing Director: Reg Birchfield
Marketing Director: Ian F. Grant
Production Manager: Ralph Green
Accountant: Robyn Pickett

Wellington Head Office:
15 Blair Street, Wellington, NZ.
Tel: 738-876. Cables: Natbus

Box 9344

Mat Rata, Mana Motuhake murmurs of discontent

by Mike Smith

MANA Motuhake's bid to make a clean sweep of the Maori electorate may have faltered before it has gone beyond the Bombay Hills, south of Auckland.

While party leader Matiu Rata appears well established in Northern Maori through his Auckland base, the party has run into a series of difficulties arising from the selection of candidates in the other Maori electorates.

In both Eastern and Southern Maori there have been complaints from local people over the selection process.

In the Rotorua area of Eastern Maori this has led to a complete breakdown of the party's organisation.

The Maori seats are notorious enough for traditional parties trying to select candidates, without Mana Motuhake's attempts to use customary Maori methods as well.

The local people were told that selection would be on the customary Maori method of the quality of the oratory. But they claim that once the selection meeting held near Manatuna on June 28 was underway, it reverted to purely traditional political methods.

Speakers were given 10 minutes to outline their views and then a poll was held.

They are upset that the candidate selected was Albert Tahana, a senior vocational guidance counsellor from Massey, Auckland. While Tahana is of the Rotorua-based Anawa tribe, the elders favoured Joe Malcolm, a Maori Affairs cultural officer living in the Rotorua area.

Rata says the local people have complained that the selection was made as directed by the electoral committee and not in accordance with their customary views.

According to Malcolm the episode left the people with a feeling that Mana Motuhake (and Rata) was being led by an Auckland-based group.

This is not the first time the party's management has been under attack for its selection methods, however.

After the selection of Southern Maori candidate, New Amsterdam Reedy, people from the Napier branch complained about the selection methods.



Mat Rata . . . Maori moves versus Pakeha procedures.

Rata says they "thought it was a bit crook," but after the matter was explained they were said to have come around.

Meanwhile, in Western Maori there has been some indecision, leading to a delay in selecting a Mana Motuhake candidate.

Rata had told a Rotorua meeting that no candidate would be selected in Western Maori following the wish of the electorate committee to stand behind the Labour member.

But this decision was later reversed and nominations for the party were being called for July 23. While the electorate committee wanted to remain neutral in the election, pressure from burgeoning membership forced a change in decision.

The other parties have not been without their problems either. Sixteen Labour Party branches resigned in Eastern Maori after Dr Peter Tapsell was selected at a Whangane meeting. They claimed Tapsell's selection was unconstitutional and a paramount chief wrote a strongly worded letter to Labour leader Bill Rowling.

The candidate for selection the branches had backed, Sue Nikora, later made an unsuccessful

Motuhake won't be able to cut into Labour's vast majority.

Tapsell says a lot of people in the electorate have flirted with Mana Motuhake, but when the "crunch comes they'll turn to the established party that's looked after them."

Tapsell believes many people are concerned that Mana Motuhake is dominated by "protestors based at Auckland University — people feel that should they fail here, they won't see them again."

If Mana Motuhake can solve its organisational problems, it may be able to offer the Maori a chance to exercise a new political option, as Rata believes.

The main problem, candidates apart, facing Rata and his backers is to convince Maori people in largely rural electorates that the party is a credible alternative within the electoral system.

With its basis in Maori self-determination, there can be no doubt that many Maoris have taken the party to their hearts.

Rata plans to release a "flood" of pamphlets stating Mana Motuhake policy to make it clear where the party stands.

The pamphlets reflect the concerns of most Maori people — unemployment, land and law and order — and it is in these areas that Mana Motuhake is striking a responsive chord.

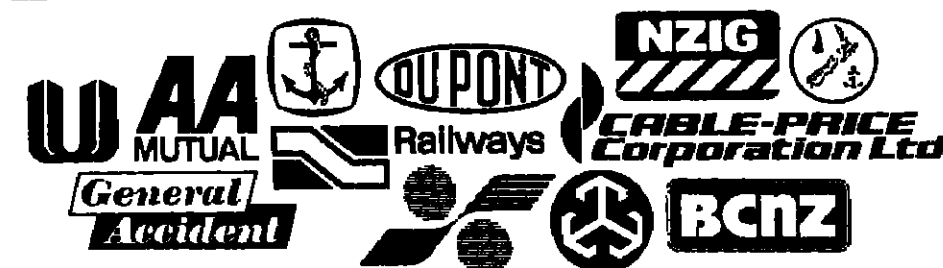
Rata believes this year's election will either put the Maori people back into a position of being part of the political process, or not at all.

"For the first time, the Maori people will go to the polls with a different option up their sleeve."

Rata is known as a humane and honest person, but it will take all of his political skills to mend tribal fences and ensure the growing strength of his support is moulded into a force to wipe out Labour's grip on the Maori electorates.

Mike Smith runs a freelance news agency based in Rotorua and is author of a book on the Maori land movement to be published this year.

You can tell us by the company we keep



Let us introduce you to the most successful financial reporting system in the world today.

The Software International Financial reporting system is used by over 50% of the Fortune 500 Companies in the U.S.A. and by 20 major organisations in New Zealand.

IDAPS is the New Zealand agent for this comprehensive suite of financial and management accounting systems which cover all aspects of:
Financial Reporting
Financial Planning and Simulation
Consolidations
General Ledger
Accounts Payable
Accounts Receivable
Fixed Assets
Budgeting and Allocations

This computer software can be used on most major types of computers and can be implemented quickly to give very rapid returns for a relatively low investment. If you are looking for a more flexible and responsive accounting system for your organisation, look no further.

SOFTWARE INTERNATIONAL



IDAPS Computer Science. A wholly owned New Zealand Company.
Phone Auckland 770-239, Wellington 843-949.

Zip Partitioning Systems.

the optimum in design and sound ratings.

Zip Commercial Interiors

A DIVISION OF ZIP HOLDINGS LTD. A MEMBER OF THE ODINS GROUP

27 Sale St.
PO Box 1188
AUCKLAND
Tel. 752-104

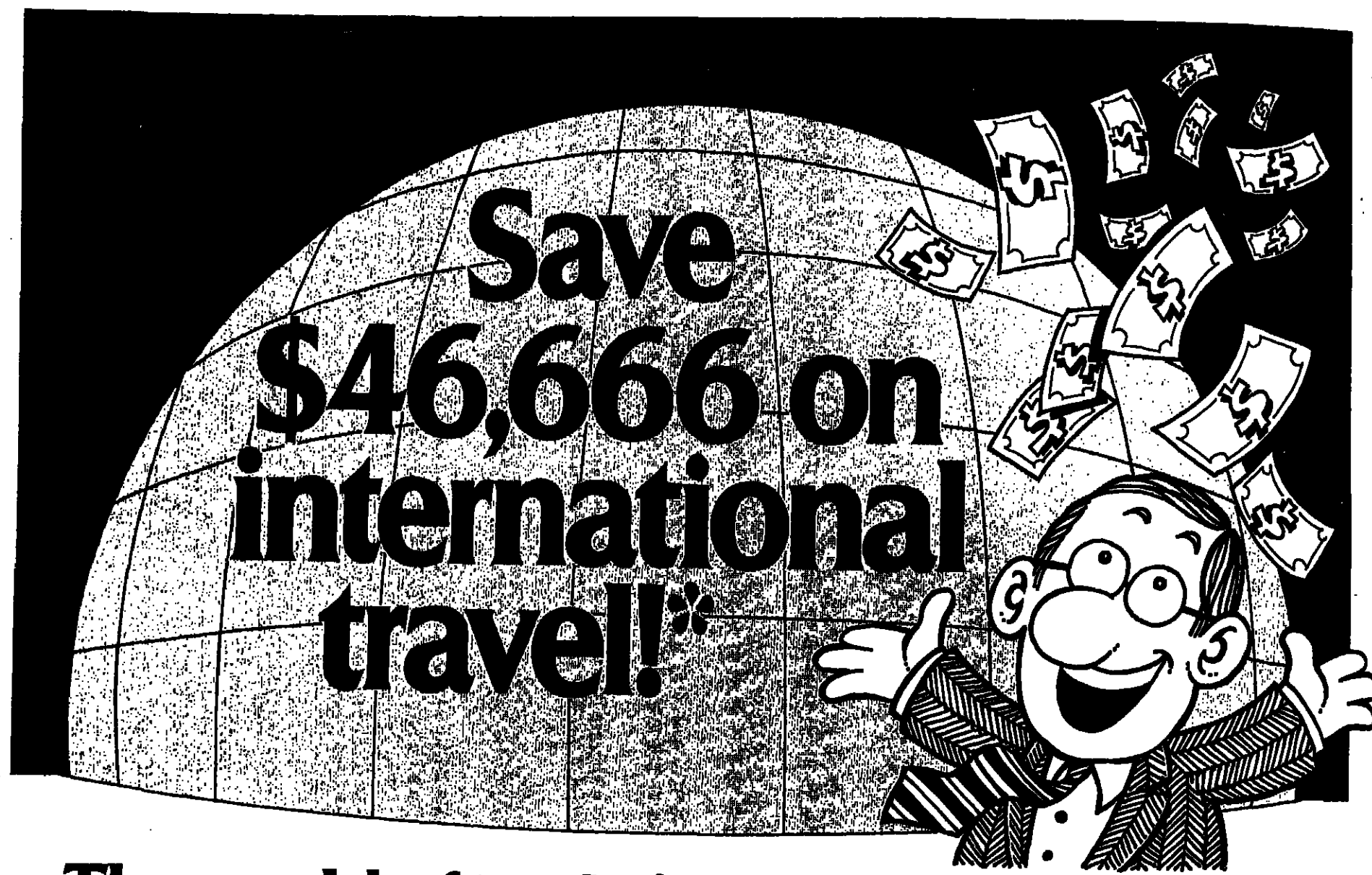
414 Te Rapa Rd.
PO Box 10-261
HAMILTON
Tel. 483-818

77 Thomson Quay
PO Box 845
DUNEDIN
Tel. 723-771

39 Manchester St.
PO Box 4152
CHRISTCHURCH
Tel. 83-937

292 Rea Road Valley Rd.
PO Box 2142
DUNEDIN
Tel. 38-084

15228H



Save \$46,666 on international travel!

The world of trade is coming to the 1981 New Zealand International Trade Fair

Entry is free to qualified trade visitors.

Auckland Showgrounds, 29 July - 5 August

Here's a chance that comes your way in Auckland only once every four years. You can't afford to miss it.

It's your chance to see what the advanced technologies of many leading countries offer you, all in one place, all at one time.

In fact, the total cost of individually visiting them all, Auckland-to-Auckland, would be around \$46,666. And that's just the first big saving you make! You could also make big savings in time and trouble, with no language barriers or other hassles either.

You can't afford to miss the ITF - so don't. Send your registration form in now, the only way to gain admission.

*Total for Economy return ex Auckland to Australia, Austria, Bangladesh, Brazil, Britain, China, France, West Germany, Greece, India, Indonesia, Italy, Japan, Malaysia, Nepal, Pakistan, Philippines, Scandinavia, Singapore, Thailand, Turkey, USA and USSR.



Trade Days

Wednesday	29 July 1981	1.00 p.m. - 7.00 p.m.
Thursday	30 July 1981	1.00 p.m. - 7.00 p.m.
Friday	31 July 1981	1.00 p.m. - 7.00 p.m.
Monday	3 August 1981	1.00 p.m. - 7.00 p.m.
Tuesday	4 August 1981	1.00 p.m. - 9.00 p.m.
Wednesday	5 August 1981	1.00 p.m. - 7.00 p.m.

Public admission is restricted to Saturday 1 August.

APPLY FOR TRADE DAY REGISTRATION NOW!

APPLICATION FOR TRADE DAY REGISTRATION

Please fill in all details and mail to the address below as soon as possible. Your admission badge will be mailed to you promptly. There is no registration fee.

NAME Mr/Ms/Ms/Ms	
TITLE	
COMPANY	
ADDRESS	
CITY	

Products/Services of particular interest

I am a...
☐ MANUFACTURER ☐ WHOLESALE ☐ RETAILER ☐
☐ OTHER (Specify) _____
☐ I REQUIRE ☐
☐ I DO NOT REQUIRE ☐
 An Air New Zealand travel discount certificate.

1981 New Zealand International Trade Fair
 P.O. Box 28014, Epsom, Auckland 3

The week

Cook Islands offshore banking worries NZ

by Ann Taylor

THE Cook Islands are trying to introduce offshore banking and a bill before the Rarotonga Parliament is aimed to facilitate the establishment of four banks - three American and one Middle Eastern - from which inquiries have been made.

Bankers and the Government here are concerned that the facility could affect our reserves of foreign exchange.

The Cooks plans are being held up by recent changes in Federal regulations which allow offshore banks to drop anchor on American soil.

It is not yet clear how the new regulations will affect American banks which go offshore to avoid costly and legal impediments to the flow of international money.

American banks use offshore branches to move money

without having to comply with Federal Reserve requirements that a portion of deposits be kept by the banks.

But the Cook Islands operates on New Zealand currency and has no reserves of its own. There is concern here that if, say, a deposit placed in Sterling ran into exchange fluctuation problems or a loan from the bank was not repaid the Cooks would have to call on local reserves to make up the difference.

Cook Trade Minister Vincent Ingram was here a month ago and consulted with Treasury and Foreign Affairs officials.

Offshore banking could be the first step to creating a tax haven but, Ingram told NBR: "Your Government is a bit nervous about that one."

If the Cooks went ahead with the facility, NBR understands the "moderate" reaction here would be to enforce rigid exchange controls with the Cook Islands or force it to go to its own currency and hold its own reserves.

"The Reserve Bank is not going to let its reserves drain through a leaky hole in the Cooks," NBR was told.

Officials here have told the Cooks Government how much our currency can be exposed to problems ensuing from offshore banking.

Ingram insists the legislation will ensure there is no leakage of taxation or foreign exchange from the New Zealand monetary system.

The Cook Islands Government has studied legislation in other countries which provide the facility - the Bahamas,

Bahrain and the Cayman Islands.

The bill it is promoting would allow two international business activities virtually free of all regulations:

● The banks would act as an intermediary between people with money on offer and those who wish to purchase funds and who try to maximise commissions on the transaction;

● The banks would act as booking centres for loans arranged between other countries and income on the transactions would accrue in the Cooks, according to Ingram.

The Cooks Government would receive revenue from initial registration fees and from annual renewal fees from banks and trading companies.

And the finance institutions would provide employment in a country which, given its slim

economic base, has the bulk of its work force in New Zealand. They would also give the Cooks a wider commercial base and access to foreign capital for development.

The suggestion of offshore banking is in line with other moves the Cooks Government has made to establish itself in the eyes of the world as an independent country with the

concomitant access to world aid and tourist advantages.

The Cook Islands are fully self-governing but the people retain their New Zealand citizenship and receive \$15 million in aid every year.

Over the last 12 months, NBR was told, the Cooks have "gone about as far as they can go without becoming independent."

Coke signs with board

by Warren Berryman

THE Apple and Pear Board has signed a joint deal with the Coca-Cola Export Corporation to pack and distribute Coke's Hi-C natural fruit drinks in Tetra Pak cartons.

Hi-C, a Coca-Cola international brand name, comes in several flavours - mostly citrus - but in New Zealand apple juice drinks will be included.

Hi-C is expected to be introduced in this market this summer, when a fierce marketing battle in the fruit juice market is expected.

Coca-Cola Export Corporation's deal with the Apple and Pear Board means it will be competing against its own Coca-Cola franchise holders.

Oasis Industries, a Coke franchisee, packages its own fruit drink, Sunfresh.

Two producer boards are now involved in the fruit drink market.

The Dairy Board's Tetra Pak machine is turning out a range of fruit drinks in addition to the flavoured milk drink, Zap and white UHT treated milk.

Town milk suppliers with Pure Pak machines will also be involved in this summer's marketing battle.

While the Dairy Board's Tetra Pak machine builds up the throughput needed to amortise its cost by packaging white milk for the domestic market, owners of Pure-Pak machines are prevented by the Department of Trade and Industry from packaging milk.

These and other factors have led private-enterprise companies in the beverage market to complain that the deck is stacked in favour of the producer boards.

Financial reforms caught in impasse

From Page 1

to seek a release of the second draft for public discussion.

Baker said the association could understand the Minister's concern to get the amendments to the Securities Act settled before pushing ahead with major company law reforms - but members could still see no reason why a public discussion on the proposed reforms could not take place.

The FHA was "pretty disappointed" the Securities Act amendments had been caught in the legislative log-jam and was concerned that the legislative changes recommended would be delayed.

But the FHA agreed with the Securities Commission that parts two and three of the Securities Act (containing various proposed reforms)



Jim McLeay... suspicious of Commission.

should not be enacted before the amendments to part one were passed.

The contentious Section 48

(B) of the Companies Act dealing with financial advertising, was "anomalous" and it was the FHA's view that "advertising restrictions should apply to all institutions who issue securities or raise credit," Baker said.

Baker said he understood the decision not to release the second draft until after the amendment had been approved was taken by the Securities Commission because it was worried the proposals might go beyond the commission's "brief" as defined by section 1 of the Act.

He thought the commission had probably not anticipated a delay with the amendments.

As for the financial advertising aspects, Baker said his group was in a difficult position as it did not know what was contained in the recommendations, "but our educated guess is that a lot of freeing up of the present regulations is recommended, and that the rules will apply to all institutions."

NBR understands that one of the factors which caused the commission's requested amendments to miss out on this legislative session may have been resistance to them in the Justice Department.

It has been rumoured for some time that the Justice Department has eyed the Commission's rapid progress with a degree of suspicion, and department sources claim Justice Department ministerial advisors may have suggested the proposed amendments were "too liberal."

This situation may have influenced the commission to make extra sure of its ground when promulgating new legislative changes - to make sure it was beyond reproach or criticism in doing so.

It seems the commission is reluctant to put the second draft amendments out for public discussion in case the Government does not approve the requested alterations to the empowering part of the Securities Act.

Commission chairman Colin Paterson is overseas on a study tour, but the commission's executive director, Bruce Hamilton, said in a statement to NBR last week that "the commission is currently disappointed that time cannot be found during the 1981 legislative programme for the Government to consider amending the Securities Act."

"While it is desirable to bring all of the Act into force

COMMERCIAL
BILLS
MARKET



CBA MERCHANT
FINANCE LTD
For information, phone
Ken Liddell, Auckland 288,
P.O. Box 37-241, Auckland.

PROFESSIONAL
INDEMNITY
INSURANCE

ACCOUNTANTS
LAWYERS
ENGINEERS
SURVEYORS
VALUERS etc

For a quotation without
obligation contact:
J W Manks & Co Ltd
INSURANCE BROKERS
1st Floor NZ Law Society Building
28 Waring Taylor St, Wellington 1
PO Box 333 Tel 724-040



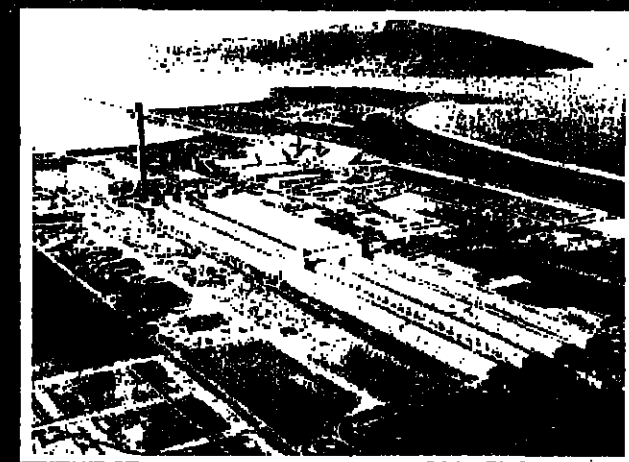
International Trade Fair of
SPORTS GOODS,
CAMPING EQUIPMENT &
GARDEN FURNITURE
12-15 September 1981 CLOGNE

With over 1800 exhibitors displaying original and new products SPOGA 81 will offer people in these industries countless ideas and new products to introduce to their trading.
SPOGA 81 features -
Sports Equipment and Sportswear for: Wintersports, Outdoor and Indoor Sports, Other sports and accessories for: Horse Riding, Diving, Water Sports, Big Game Fishing, Angling, Camping Equipment and Garden Furniture.
To find out more about SPOGA 81, including travel and accommodation arrangements, fill in and post coupon to:
Fairs of Europe
P.O. Box 3078, Auckland. Telephone 33-039

Please send me full information on SPOGA 81

NAME _____

ADDRESS _____



The Taranaki aluminium smelter began production during 1971.

By the time large industrial projects began to draw on our natural energy resources, Hogg Robinson, Insurance Brokers, had chalked up 5 years in energy.

Today, Hogg Robinson (NZ) Ltd offer this vital aspect of New Zealand's economy, the benefit of their international experience and expertise as insurance brokers.

Insurance has developed into a complex and sophisticated business requiring an insurance broker to have, not only a thorough understanding of the insurance world but more important, a complete and thorough understanding of their client's business.

These are the understandings that Hogg Robinson have developed over the last 15 centuries. Understandings which to New Zealand commerce. Understandings that some leading New Zealand companies have benefited from.

HOGG ROBINSON

International Insurance Brokers
Auckland, Wellington and 32 other countries

Editorial

SPEAKING just three weeks ago in support of the Customs Act Amendment Bill which imposed tariff quotas and new rates of duty for wines to protect the local industry, Customs Minister Hugh Templeton enthused that New Zealand wines would immediately become cheaper. "The price of most domestic wines will be reduced. There will be an increased volume, too, and there will be a greater variety of imported wine," he declared.

Retailers and wholesalers disagreed. They said it would take a while for the new prices to become apparent to consumers, and they warned that by the time the new tax levels filtered through, winemakers would have increased their prices, so the price of wine would stay about the same. That view seemed to have the support of Wine Institute executive officer Terry Dunleavy, who told the Auckland Star it was about the time of year when some wine companies increased prices, to recover increased production costs. The benefit of the new legislation, in his view, would be to provide more stable prices in the future because wine would not increase in price so frequently.

Just a fortnight later, many local wines were more expensive than before.

As Templeton explained, the purpose of the legislation is to reduce the effect of sales tax on higher price, better quality wines. The compensating increase in taxation on cheaper wines would encourage the industry "to shift production towards better-quality wines".

The major effect of the legislation for the local wine industry has been to remove a 20 per cent sales tax on the finished item (which included the bottle, label and freight costs). Instead, fortified grape wines are being taxed 60 cents a litre, and other grape wines 50 cents a litre (the equivalent of 37.5 cents for a standard 750 millilitre bottle of table wine). On the

other hand, the law doubles the price of what used to be cheap foreign wines by putting a penal import of \$4.50 a litre duty on imports costing less than \$2 a litre (fob). That duty was imposed contrary to the advice of the Industries Development Commission, which reported after studying the wine industry that high local prices would be met by consumer price resistance and result in a downturn in demand for wine. The IDC argued that to become export competitive, the local wine industry must compete, locally at least, with some imports.

By overhauling the IDC report, the Government aimed to allow more imports, but to steer those imports into a slightly higher price bracket in the hope of encouraging importers to bring in better-quality overseas wines. The expectation is that if medium to high quality foreign wines sell here at prices similar to those of our top premium wines, a ceiling will be placed on local wine prices, enforcing cost-price containment on our producers who want to maintain clearly defined quality/price strata inside their total product range. Dunleavy explained: "If they have to hold their top prices, they will also have to hold the lower prices to maintain the dividing price gaps."

Thus the declared intention was to increase the quantity and improve the quality of imports, but to protect us against cheap imports (or even us off foreign plunk). The underlying assumptions equated cheapness with poor quality. One effect is that some importers have cancelled orders of wines costing less than \$2 (fob), which denies consumer access to popular wines from the United States, Australia, Portugal and Spain. Other importers have asked their suppliers to increase the prices of wines which they previously bought for, say, \$1 a litre (not only making those wines more expensive to consumers, but making them more cost-

ly in terms of foreign exchange). Meanwhile, the local industry is pumping out increasing quantities of high-priced, low-quality plunk for the domestic market while striving to export its better-quality wines. Consumers here are paying more for locally produced "flavoured wines", containing a minimum of 40 per cent grape juice, than the average Frenchman, American or Australian pays for a wine made from 100 per cent grape juice.

The industry insists its concern is to protect itself only against cheap wine imports (it points to a similar concern in the EEC about the consequence for the European wine industry of Spain, Portugal and Greece joining the community). It insists, too, that so far as producing wine is concerned, it is competitive. Costs beyond the control of the wine-maker — grapes, packaging, sales taxes, distribution costs — are said to be the elements that raise prices unduly.

The industry nevertheless makes plain its aspirations to contribute significantly to our export drive. Its objective is to become one of the range of high-quality exports of food produce for which this country has won an international reputation. The Government's decisions certainly challenge it to do just that, and give it five years to prove it can achieve the potential it claims.

Whatever the cause of its high prices, the industry obviously cannot produce wines which can compete on world markets — at least in the short term — if its position must be buttressed against the impact of cheaper Australian wines on the home market. As for quality, a wine industry which makes 46 million litres of wine from only 30 million litres of grape juice is bound to arouse curiosity, if not suspicion, about its production methods in the world marketplace. Not surprisingly, its annual export contribution is running

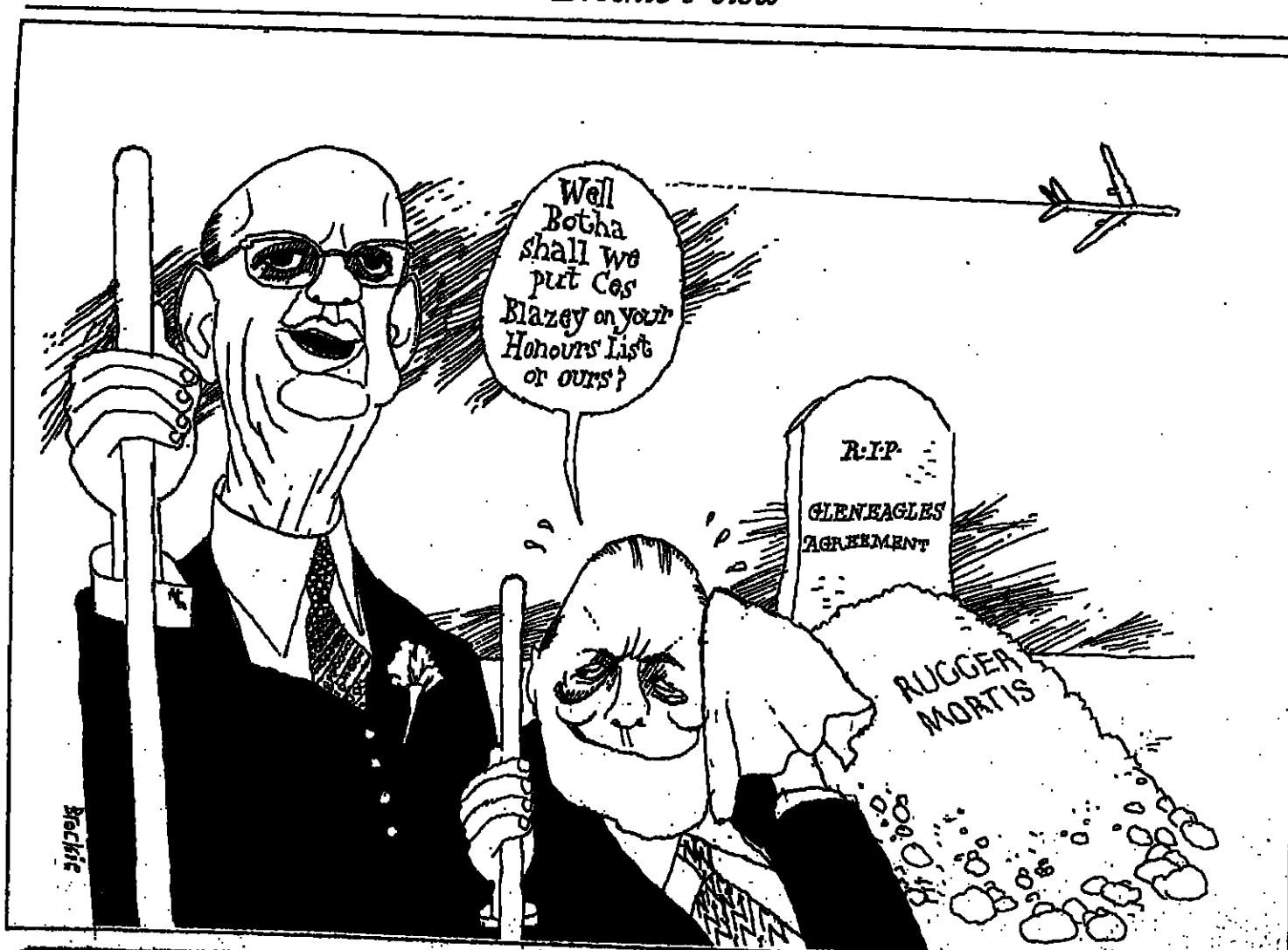
at only some \$850,000 (most of this earned in sales of cheap sherry to Canada).

Agreed, development of an export market takes time and by the end of the decade the wine industry may confound the sceptics. In the meantime, the industry has been given a privileged and protected place in the market, and — as one merchant cautioned before enactment of the new legislation — if winemakers used that privilege to hike their prices, they would be sure to suffer a backlash from consumers. Ominously, the New Zealand Herald reported last week that "soaring vineyard costs are quickly swallowing up the cash advantage drinkers expected to find following the restructuring of wine taxes." Several of the big companies are raising prices to recover the increases costs of wages, grapes, freight, and so on. The only solace for consumers is that prices might have climbed even higher, if the legislation had not been passed.

But the spite of increases make a mockery of Templeton's assertion that the main thrust of the legislation would make most local wines cheaper. The Opposition argued that the Bill should have been referred to a select committee and expressed concern that consumers should have had the chance to put their view. As Dr Michael Bassett said, Labour was not opposed to the Bill, but wanted a select committee to determine — for example — what guarantees there were that consumers would not be paying more than they should for imported wines. Regardless of what has caused the local wine increases, Templeton has been left looking ludicrously out of touch with an industry which the law he is sponsoring was designed to protect. His foolhardy forecast, surely, would not have been made if the legislation had been subjected to the thorough public appraisal that its critics called for.

— Bob Edlin

Brookie's view



Without word of a lie

Let's hear it for . . .

US Ambassador Frank Gill may have got mixed reactions from the listeners to his after-dinner jokes the other day, but he could have brought the house down if he finished his speech as he wound up an election meeting in East Coast Bays before the last general election.

Frank's endearing habit of getting himself a bit mixed up verbally raised more than a few giggles in the Mairangi Bay Presbyterian Church Hall when he asked for a "farty note" of thanks to those who had organised the meeting.

Bounteous Bounty

ONLY one can possess it . . . but can anyone afford it?

We can now, sadly, record the scuppering of that ambitious project to remake the *Mutiny of the Bounty* by filmmaker Dino de Laurentis with a replica Bounty built in Whangarei. Last week's *Far Eastern Economic Review*, circulating throughout Asia, carries a full page advertisement for sale "this amazing vessel (which) was built from the original plans of the HMS Bounty (which) incorporates old world craftsmanship with state of the art shipboard technology".

Seller is New York-based Dinofilm NY, presumably a de Laurentis operation. Waxing the ad: "What if it were possible to combine the romanticism, the rugged determination and the beauty of the past with the incredible sophistication of today's technology? This world there is one example of such possibility."

"The Bounty. What if one person could possess it?" Asking price for frustrated moviegoers: \$4.5 million.

National Business Review incorporated. A weekly publication and is a registered publication weekly except last week, December and first two weeks of January.

Set and composed by Fourth Estate Newspapers Ltd. Printed by R. Lucas & Sons Ltd. 118 Kapiti Road, Paraparaumu.

Single Copies: 60 cents. Subscription: NZ\$30. Member ABC (Audit Bureau of Circulations).

27 State St. P.O. Box 188. AUCKLAND. Tel. 792-104. 414 Toi Tapu Rd. P.O. Box 100. HAMILTON. Tel. 843-919. 77 Thomson Quay. P.O. Box 845. WELLINGTON. Tel. 723-771. 39 Manchester St. P.O. Box 4152. CHRISTCHURCH. Tel. 63-937. 292 Kakorai Valley Rd. P.O. Box 2142. DUNEDIN. Tel. 35-084.

Mat Rata, Mana Motuhake murmurs of discontent

by Mike Smith

MANA Motuhake's bid to make a clean sweep of the Maori electorate may have faltered before it has gone beyond the Bombay Hills, south of Auckland.

While party leader Mariu Rata appears well established in Northern Maori through his Auckland base, the party has run into a series of difficulties arising from the selection of candidates in the other Maori electorates.

In both Eastern and Southern Maori there have been complaints from local people over the selection process.

In the Rotorua area of Eastern Maori this has led to a complete breakdown of the party's organisation.

The Maori seats are notorious enough for traditional parties trying to select candidates, without Mana Motuhake's attempts to use customary Maori methods as well.

The local people were told that selection would be on the customary Maori method of the quality of the oratory. But they claim that once the selection meeting held near Matamata on June 28 was underway, it reverted to purely traditional political methods.

Speakers were given 10 minutes to outline their views and then a poll was held.

They are upset that the candidate selected was Albert Tahana, a senior vocational guidance counsellor from Massey, Auckland. While Tahana is of the Rotorua-based Arawa tribe, the elders favoured Joe Malcolm, a Maori Affairs cultural officer living in the Rotorua area.

Rata says the local people have complained that the selection was made as directed by the electoral committee and not in accordance with their customary views.

According to Malcolm the episode left the people with a feeling that Mana Motuhake (and Rata) was being led by an Auckland-based group.

This is not the first time the party's management has been under attack for its selection methods, however.

After the selection of Southern Maori candidate, New Amsterdam Reedy, people from the Napier branch complained about the selection methods.



Mat Rata . . . Maori moves versus Pakeha procedures.

Rata says they "thought it was a 'bit crook'" but after the matter was explained they were said to have come around.

Meanwhile, in Western Maori there has been some indecision, leading to a delay in selecting a Mana Motuhake candidate.

Rata had told a Rotorua meeting that no candidate would be selected in Western Maori following the wish of the electorate committee to stand behind the Labour member.

But this decision was later reversed and nominations for the party were being called for July 23. While the electorate committee wanted to remain neutral in the election, pressure from burgeoning membership forced a change in decision.

The other parties have not been without their problems either. Sixteen Labour Party branches resigned in Eastern Maori after Dr Peter Tapsell was selected at a Whakatane meeting. They claimed Tapsell's selection was unconstitutional and a paramount chief wrote a strongly worded letter to Labour leader Bill Rowling.

The candidate for selection the branches had backed, Sue Nikora, later made an unsuccessful

Motuhake won't be able to cut into Labour's vast majority.

Tapsell says a lot of people in the electorate have flirted with Mana Motuhake, but when the "crunch comes they'll turn to the established party that's looked after them."

Tapsell believes many people are concerned that Mana Motuhake is dominated by "protestors based at Auckland University — people feel that should they fail here, they won't see them again."

If Mana Motuhake can solve its organisational problems, it may be able to offer the Maori a chance to exercise a new political option, as Rata believes.

The main problem, candidates apart, facing Rata and his backers is to convince Maori people in largely rural electorates that the party is a credible alternative within the electoral system.

With its basis in Maori self-determination, there can be no doubt that many Maoris have taken the party to their hearts.

Rata plans to release a "flood" of pamphlets stating Mana Motuhake policy to make it clear where the party stands.

The pamphlets reflect the concerns of most Maori people — unemployment, land and law and order — and it is in these areas that Mana Motuhake is striking a responsive chord.

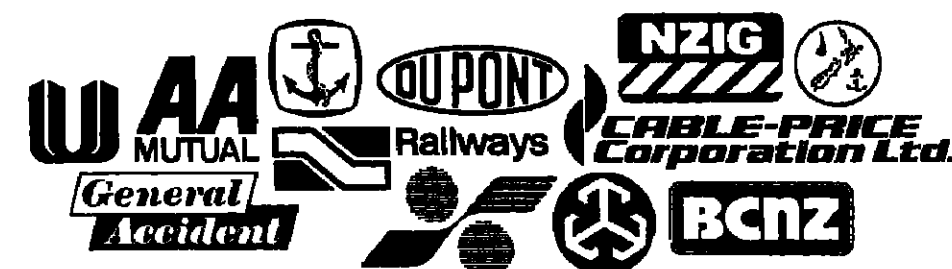
Rata believes this year's election will either put the Maori people back into a position of being part of the political process, or not at all.

"For the first time, the Maori people will go to the polls with a different option up their sleeve."

Rata is known as a humane and honest person, but it will take all of his political skills to mend tribal fences and ensure the growing strength of his support is moulded into a force to wipe out Labour's grip on the Maori electorates.

Mike Smith runs a freelance news agency based in Rotorua and is author of a book on the Maori land movement to be published this year.

You can tell us by the company we keep



Let us introduce you to the most successful financial reporting system in the world today.

The Software International Financial reporting system is used by over 50% of the Fortune 500 Companies in the U.S.A. and by 20 major organisations in New Zealand.

IDAPS is the New Zealand agent for this comprehensive suite of financial and management accounting systems which cover all aspects of:

Financial Reporting Accounts Payable
Financial Planning and Simulation Accounts Receivable
Consolidations Fixed Assets
General Ledger Budgeting and Allocations

This computer software can be used on most major types of computers and can be implemented quickly to give very rapid returns for a relatively low investment. If you are looking for a more flexible and responsive accounting system for your organisation, look no further.

SOFTWARE INTERNATIONAL

from



IDAPS Computer Science. A wholly owned New Zealand Company. Phone Auckland 770-239, Wellington 843-949.

Zip Partitioning Systems.

the optimum in design and sound ratings.

Zip Commercial Interiors

A DIVISION OF ZIP HOLDINGS LTD. A MEMBER OF THE OLSIN GROUP

27 State St. P.O. Box 188. AUCKLAND. Tel. 792-104. 414 Toi Tapu Rd. P.O. Box 100. HAMILTON. Tel. 843-919. 77 Thomson Quay. P.O. Box 845. WELLINGTON. Tel. 723-771. 39 Manchester St. P.O. Box 4152. CHRISTCHURCH. Tel. 63-937. 292 Kakorai Valley Rd. P.O. Box 2142. DUNEDIN. Tel. 35-084.

NATIONAL BUSINESS REVIEW

Published by Fourth Estate Newspapers Ltd. Managing Director: Reg Birchfield. Marketing Director: Ian F. Grant. Production Manager: Ralph Green. Accountant: Robyn Pickett.

Wellington Head Office: 16 Blair Street, Wellington, NZ. Tel: 738-878. Cable: Natbure. Box 8344.

Editorial: Editor: Bob Edlin. Business editor: Klaus Gorenson. Sub-editor: Warren Mayne.

News & Features: Colin James, Stephen Bell, Jack Hodder, Allan Parker, Ann Taylor, Richard Fletcher.

Advertising Sales: Manager: Paul A.C. Loh.

Subscriptions: Ian Daisel.

Auckland Office: 1st Floor, Shaws Building. 38 Fort Street, Auckland. Tel: 788-304 (Editorial). Tel: 788-684 (Sales). P.O. Box 1734.

Bureau: Warren Berryman.

Sales (Circulations & Subscriptions): Fritze Hermans.

Cartoned milk

THIS letter is in reply to a letter headed "Misleading impression" (NZBR, July 13), signed by K R Allen, Parliamentary Under-Secretary to the Minister of Trade and Industry.

Allen states that the Pure-Pak carton is better suited to short-life products. What he should have said is that they are ideally suited to "fresh" products, which is the historical way in which milk has been supplied in New Zealand.

He further states that because of the higher costs of the UHT carton and the higher cost of the milk itself in such a carton, the UHT milk in cartons has been approved for domestic sale by the Government, as there would be little competition with white bottled milk.

What he has failed to point out is that the price of UHT milk has been "deliberately" set so as it will not compete with milk in a bottle.

Effectively, this decision does not give the consumer a fair choice and the question must now be asked, who receives the "super profits" which must accrue from the higher price?

If it is true, as he states, that at least three further UHT plants are to be installed, his arguments that UHT milk will not compete with fresh milk in bottles is fallacious.

From a business viewpoint they must compete or the output from the plants will not be sufficient to make the ventures viable.

His contention that there was no retrospective change in the rules is totally incorrect.

UHT white milk was being sold on the domestic market as early as November 1980. His department requested an explanation from the New Zealand Dairy Board on January 22 1981 as to why it breached the rules. Retrospective permission was then given.

Mr Allen comments that Terra Pak made several approaches during the 1960s to package milk. He fails to point out that these approaches were for the packing of "fresh" milk in cartons, and our records show that the venture did not proceed for business reasons, and not because of any Government policy. At that time some milk was being sold in "Satoru" cartons.

In light of all that has gone before, what has happened to the Department of Trade and Industry's published statement that they were going to "let market forces decide the out-

come of the battle between the bottle and the carton?"

A D Carrigan
Manager
Pure Pak (NZ) Ltd.

Understated benefit

YOUR comment on tourism's overseas exchange earnings being "well over" \$100 million in your issue of July 13, is the understatement of the year. The official Reserve Bank receipts for the year ended April 30, 1981 were \$244.75 million.

The travel industry has known for a long time that these figures have been understated and in a study being undertaken for the National Travel Association by the University of Auckland, Professor B Henshall estimates that the real overseas earnings of the tourist industry is in the order of \$400 million a year — exactly four times your stated amount.

A C Stanford
Chief Executive
National Travel Association

OPEC and rugby tours

FOLLOWING representations from the Organisation for African Unity (OAU) at the May 25 meeting of the Organisation of Petroleum Exporting Countries (OPEC) at Geneva a decision was reached that in order to make the OPEC oil embargo of South Africa more effective that not only was more pressure going to be brought to bear on the oil majors, but that sanctions were also to be applied to countries collaborating with South Africa.

In this move the African members had the backing of the Arab members for two reasons. The first related to the embarrassing position that many Arab countries found themselves in as a result of the disclosures of the Amsterdam-based Shipping Research Bureau's report entitled *Oil Tankers to South Africa*.

The second reason related to the collaboration of Israel and South Africa in the developing of a nuclear deterrent in 1979 and to Israeli military industries' supplying South Africa with 155mm nuclear warheaded artillery shells as

was revealed by Granada's *World in Action* television programme of October 20, 1980. On June 10, therefore, it is interesting to note that Nigeria not only threatened a boycott of next year's Brisbane Commonwealth Games and the Commonwealth Finance Ministers' meeting at Auckland but that trade sanctions were also threatened should the proposed Springbok tour proceed (NZPA-Reuters).

June 15 saw the call of 50 out of 52 foreign ministers at the OAU meeting in Nairobi to the New Zealand Government to stop the Springbok tour and June 19 saw the approval of a series of measures to enforce an oil embargo against South Africa. The proposed measures including the imposition of sanctions against countries seen as collaborating with South Africa were to be administered by a joint OAU-OPEC committee.

The implications of all this for New Zealand first became apparent some four weeks ago when in his address to a National Party conference at Invercargill Police Minister Ben Couch was recorded by *Morning Report* as saying that we should not bow to "Arab or African pressure" with regards to the proposed Springbok tour. Then on June 22, after his return from a meeting of the International Energy Agency Energy Minister Bill Birch in a statement to *Morning Report* announced negotiations with Indonesia to secure all our petroleum supplies from there as opposed to the Middle East as this would represent a substantial savings in shipping costs.

The questions, therefore, that I would like to see answered are:

● If we are putting "all" our petroleum needs the Indonesian way then are we withdrawing of our own accord from our present Saudi Arabia, Iraq and Iran deals or are we faced with the prospect of an oil embargo should the proposed Springbok tour proceed;

● If the joint OAU-OPEC committee should call for an oil embargo or trade sanctions against New Zealand on account of the proposed Springbok tour then will Indonesia as a member of OPEC respond to that call;

● Should New Zealand withdraw from its oil deals with Saudi Arabia, Iraq and Iran or should trade sanctions be imposed upon New Zealand then to what extent will New Zealand's extensive meat trade with the Middle East be affected; and

● To what extent was Birch's decision to adopt the controversial synthetic petrol option influenced by the prospect of possible oil sanctions should the Springbok tour proceed?

Lest these questions be considered to be far-fetched I would point out that in 1979 BP Nigeria was nationalised with OPEC backing on account of that company's dealings with South Africa, and Royal Dutch Shell, Netherlands was subject

to OPEC sanctions the following year for the same reasons. In both instances the oil majors concerned have come to terms, and in the case of the Netherlands all sporting and cultural contact with South Africa was banned earlier on this year.

Since the 1976 All Black tour of South Africa and the subsequent boycott of the Montreal Olympics a new ball game has been entered into, with regards to the attitudes of the OAU countries towards the South African question.

Now instead of just passing resolutions there is increasing evidence of actions being taken to implement these resolutions. I would therefore point out that the message in all of this for New Zealand is clear. Either we call off the proposed Springbok tour or else we shall become subjected to political, sporting and economic sanctions.

W L Johnson
Wellington

The job auction and other un(ac)countables

by Colin James

DEREK Quigley and the new breed of National MP have brought back into the language of politics a thoroughly desirable word: accountability.

Accountability takes a number of forms: elections, parliamentary inquiries, the Public Expenditure Committee into departmental activity, grilling of ministers and their officials by back-bench committees of Government MPs, television interviews, and so on.

But essentially it is, as its etymological parentage suggests, about getting your money's worth out of the Government. Count up tax dollars you have paid, examine what the departments have done with them and put that against what might have been got for the same money elsewhere.

Quigley and a number of other MPs are keen on this. A rationale Quigley put forward for the Accident Compensation Amendment (No 2) Bill, which tried hamfistedly to reform accident compensation, was that the Accident Compensation Corporation should be more "accountable".

The accountants have introduced some new techniques of supervision of state activity which have paid some, modest, dividends.

This is done mainly in secret, so accountants — the taxpayers — don't get to see too much of the accounting.

But perhaps right now Quigley and his mates are accountable Link Consultants. The taxpayers are spending a lot of money on the show and, by the rules of accountability, have a right to value. Did you get your \$37,000

(oops, \$37,125) worth out of Link Consultants' contribution to *Jobs and People*?

There are several yardsticks for answering this question. Broadly they divide into two classes: was Link's contribution up to scratch; and was the work, as measured by the end-product, worth doing in the first place?

Link's work is secret. So we have no way of judging its quality for ourselves. We have to trust to the enthusiasm of the accountants in the Government to do that for us.

If only those accountants were themselves directly accountable we might then discover the quality of the "research document" based on Link's self-styled assessment of employment policy activities and attitudes of Government departments, official agencies outside the Government and

some private sector and community agencies.

We might also discover the value of the "major index of involved agencies and groups" (Link's words) which it prepared as part of establishing "a communication network for the distribution of employment information and advising on ways in which the community could be further involved in the development of employment policy."

We have only *Jobs and People*, a document Link would do well to dissociate itself from when it seeks future consultancy work.

Jobs and People as it emerged after Government reshuffles is a sort of glossy picture-book of how wonderful life is in New Zealand together by a Tourist and Publicity Department journalist on the basis of a few interviews in the Treasury, the

Labour Department and a few other departments — and some helpful advice from Fred Dobbs and Gerry Symmans in the National Party's image tank.

It has a useful index of job creation and assistance schemes. But for the rest it reads like thinly disguised election propaganda.

Thus on Page 6 we start with the lyrical information that "our labour force is a dynamic and constantly changing group of 1.3 million people" (is it really — after all that emigration?) "each with his or her own ambitions and motivations and making their own decisions".

And it is only at the bottom of Page 7 we have the less comforting news that "the average time spent on the unemployment benefit — currently around four months — is increasing ... The growing number of people experiencing employment difficulties is causing the Government and the community much concern."

It is a political document in tone. Not the sort of booklet to be too closely associated with it preserving political virginity is important — and Link, judging by its sensitivity on this and, for instance, its work for the Government on energy, thinks it is.

Jobs have become highly political. The National and Labour parties are parading lists of jobs before the voting public in a sort of grand auction.

Jack Ridley drew a map with 150,000 jobs on it. Roger Douglas is promising to swamp the place in carpet factories. Bill Rowling produced a list last Tuesday in his own, less glossy, version of *Jobs and People* called *Signposts to Growth*: 122,500 jobs over five years from \$5800 million investment.

National easily tops that. In its householders' leaflet on growth it promises 410,000 jobs over 10 years.

The idea has caught on. Worried that farmers would miss out on investment, Federated Farmers earlier this year was spreading the message that agriculture-based employment would provide an additional 200,000 jobs in the next decade. The fishing industry has been saying how cheaply its sort of jobs can be made.

It is a curious change from the usual run of election auction.

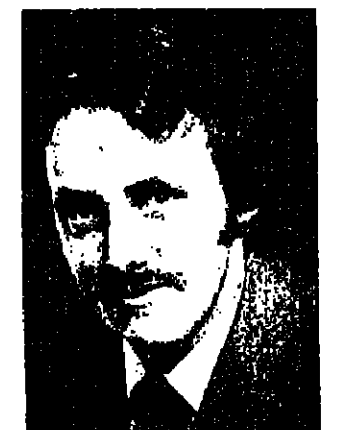
Auctions used to be about money in the hand or in the pocket. The peak years were Labour's 100-pound tax rebate in 1957 and, topping that, National's superannuation scheme.

Now National spreads the message of GROWTH through petrochemicals, electricity, metals, forestry, transport and agriculture.

"They will earn the additional foreign exchange we need and both the projects themselves and the extra overseas earnings generated will create new jobs throughout New Zealand," it says.

"Each additional \$1 million of foreign exchange earned will create 160 new jobs."

That is the water-into-shirts line: water gets turned into electricity which, passed through a smelter, is exported and the money is used by New Zealanders to buy shirts which create jobs for shirt-makers and shirt-sellers whose spend-



Consultant Jack Lee ... some links are best left unmade.

ing in turn creates jobs for more shirt-makers and shirt-sellers and so on.

Labour says that's all bunkum because the think big projects will worsen the balance of payments position until 1986 (which on National's rule of thumb would mean jobs lost).

In his *Signposts to Growth* Rowling said we can get rich quick by spending on the small guys.

Shortage of foreign exchange did hold back growth, he said, but exports by themselves did not create jobs. So other Government economic policies affecting local demand and investment were important, too.

Note that the shortfall between the 122,500 jobs promised in *Signposts* and Labour's estimate of 160,000 jobs needed over the next five years (five times 32,000) will be made up from "expansion of the services sector and the public sector."

That last one means your taxes. Trying to referee these competing claims is pointless. Economists disagree among themselves as to likely employment effects of individual projects and growth in export earnings, so we mere mortals can hardly be expected to judge.

But arguments about how many more of existing sorts of jobs growth will create is itself of limited relevance. Much of the past growth in jobs has been in new sorts of jobs that don't exist now.

And the programmes should be seen in their proper context: as bids at an election auction, the appropriate judgment on them will be, not by economists and commentators, but by the electors, and they will judge by how the bids are presented. Whichever party sounds the more persuasive will get the credibility.

But don't think the parties have forgotten the old style of auction.

Labour has been making a lot of spending promises. It keeps saying they are goals for later, but the sleight-of-hand effect is that they leave an impression of more money in people's pockets (services in their community).

National has been going on about the cost of the promises. This is usual, but this year there is a new twist.

Remember 1972 when National said Labour could not finance its promises because National had "spent the lot" in the Budget?

Well, it has done it again. In its *Truth* column last week, the Government mused as to whether, following the Budget (which, the column left unsaid, contained a whopping, and therefore theoretically not expandable, deficit), Labour would continue with its promises.

Last week's column referred to net migration of 150,000. It should have been net emigration. And Bill Birch's "I think" comment was intended to refer to the conventional commitment to the smelter, not his — but a change to that effect raised the press.

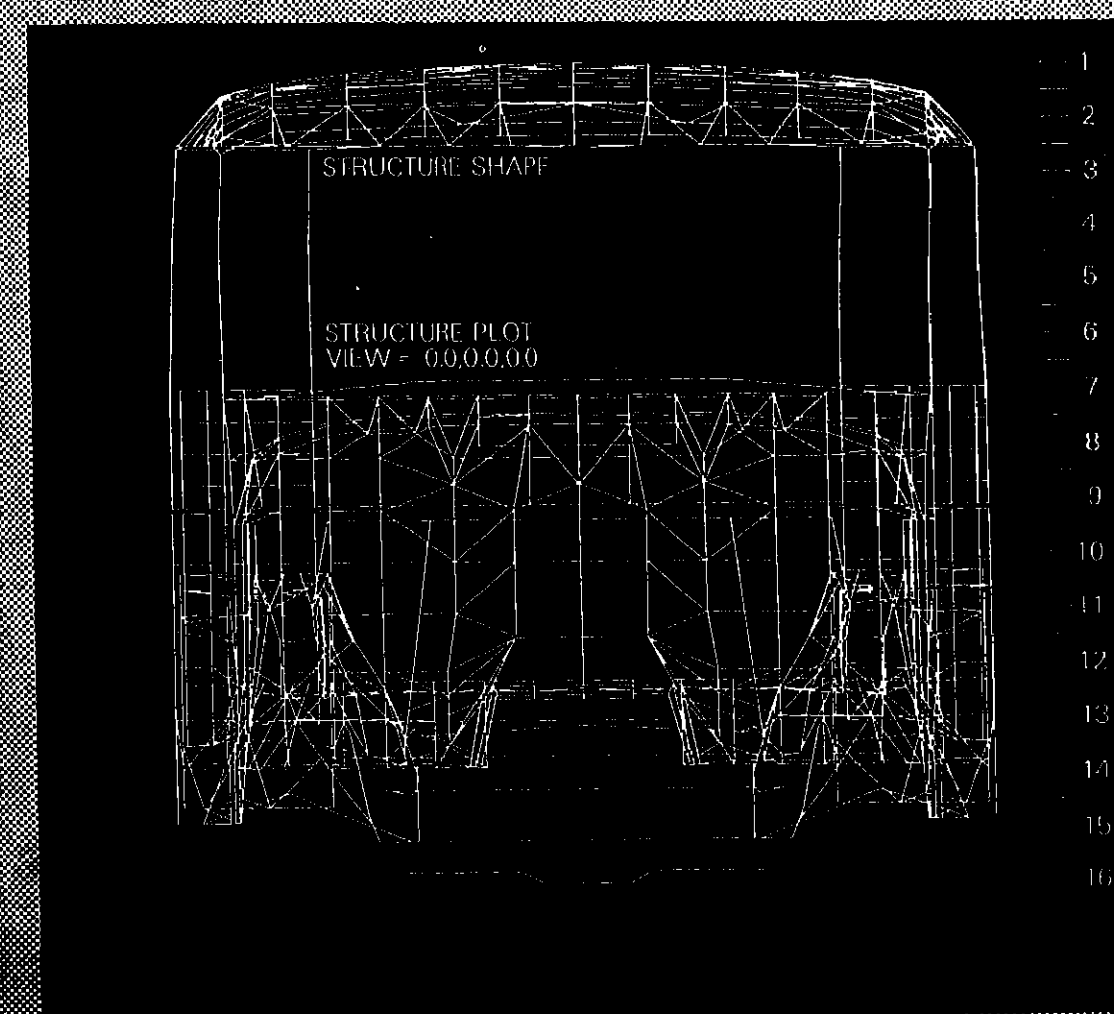
THE TOYOTA EDGE



OUTSIDE: You can see the difference

Look at Toyota's rugged design — tough and performance-proven. Doors that close tight, accessories that fit right, and tough, smooth enamels.

You can see that a Toyota is built right. Built to last. Backed by the integrity of every Toyota man and woman. That's the Toyota Quality Edge.



INSIDE: You can feel the difference

Feel how Toyota is made for you — the concept behind every Toyota. Acceleration is solid, with power to spare. The touch of the wheel says

you are in control. Your foot on the brake brings a swift, sure stop. That's a good secure feeling. That's the Toyota Quality Edge.

TOYOTA


Ahead in the 80's.

THE UNITED STATES AND OCEANIA WEST

- A Weekend extension course at Massey University 14-18 August
- The public are particularly invited to hear and to participate in discussions on U.S. affairs as they influence New Zealand and its neighbourhood
- Programme involves distinguished speakers from America, Australia and New Zealand
- Particular influence on economic matters: world economy, trade and aid with speakers from New York Banker's Trust and Agricultural Policy Centre
- Single day registration possible
- Further information: telephone Massey University 69-089 and ask for Mrs Dellow, Humanities Extension Service or Dr West, History Department

**CPT
Rated
NO.1
BY USERS**

been won



p
e
c
d

SUPER Efficiency

**from only
\$80
per week**

A competitively priced word processing system, backed by the experience and expertise of Computer Consultants Limited who can guarantee DELIVERY NOW. You start saving time and money immediately—not next year.

**Contact us
NOW!**

Auckland Tel: 798-345, P.O. Box 2633
Palmerston North Tel: 71-654 (72-082
from 1 July), P.O. Box 1324
Wellington Tel: 726-007, P.O. Box 492
Christchurch Tel: 792-274,
P.O. Box 22528

‘Claytons Budget’: no tonic for 100 proof inflation

There is optimism in Government circles of further improvements—at least in the short term. According to *Auckland Star* correspondent Ian Templeton, “some authorities see current inflation moving at about 12 per cent on an annual basis”. And the June issue of *Quarterly Predictions* sees price inflation easing to near 14½ per cent for 1981-82, “but it is expected to increase

of inflation as "the key objective", Muldoon's Budget lists it last out of three fundamental problems to be overcome if the

The proportion of incomes paid in taxation rises as money incomes increase, and to achieve constant real (after-tax)

growth of the money supply and that any deviations from that aim to meet particular circumstances should be explained.

have taken to curb inflation, Muldoon at least avoided having to dispense a dose of something nasty.

ADVERTISING SALES REPRESENTATIVE

Computer Consultants Ltd.
=COMPUTERS=BUREAU=WORD PROCESSING=
No. 1 in Word Processing

The Todd Dealer Fleet Plan

Ask for an objective review of your fleet

How many times have you sat at a Management or Board meeting and talked about your vehicle fleet. When do we replace? How should we finance it? What should we buy? Should it be 6 or 4? The questions are endless and the answers complex. Your Todd Dealer can simplify it for you. We have facts, figures, case histories and all the background you need. We'll analyse your fleet for you, chart a replacement programme and show you the best way to finance it. It will be objective

but we do admit that we will include products from the Todd Dealer's range where they are the best available. And with New Zealand's No. 1 range of cars and a fast growing range of light commercials we can cover a lot of your needs outstandingly well.

So contact your Todd Dealer...
He'll call and obtain all the details and come back with an objective review. Or write to Todd Motors, Fleet Sales Department, Private Bag, Porirua.

TOP 10

Remember '73 — a good vintage that went sour

by Klaus Sorensen

... ..

Finance

The business week

Alloy Steel Ltd's directors advised of a further cash takeover offer. The second offer is for \$3 per share compared with earlier Mace Engineering offer of \$2.50 and is for a minimum of 50.5 per cent of the share capital.

Bendon Industries issue of 3.2 million shares closed immediately after being heavily oversubscribed.

Chenery Holdings Ltd: Unaudited net profit after tax for March 31 year \$813,546

(last year \$478,152). A final dividend of 12 per cent was recommended. The directors also propose a cash issue of one for every five dollar shares, at a \$1.50 premium. New issue shares will not participate in the interim dividend for September 30 half year.

Consolidated Minerals will make a share placement of one share for every four held at 17 cents per share. The shares being issued are part of the holding of Mining Houses of Australia with which a joint venture has been made to investigate the Transit beach rutile deposits.

Crown Consolidated Ltd

chairman R B Weir, announced that on August 3 Crown will purchase the business of McKenzie Motors Ltd. Crown's Timaru-based subsidiary, the Canterbury Co-operative Farmers Association will operate the business. Payment will be in part cash and partly by the issue of 178,000 ordinary shares on August 3.

Greggs Ltd takeover offer for Wilson Distillers Ltd is extended to July 27. To date acceptances, together with shares already owned by Greggs Ltd, amount to over 96 per cent of the total issued capital.

Morrison-PLM (Holdings) Ltd one for 10 bonus issue will be made from the asset revaluation reserve rather than the share premium reserve.

J Rattray and Sons Ltd: Half yearly dividend of 6.25 cents per specified preference share held will be paid on July 31.

Southern Cross Hotel (Dunedin) Ltd: Audited profit after tax for the year ended April 30 \$269 (last year \$20,910). The company blames the closure of Dunedin Airport from flooding for this slump. No dividend is recommended.

Tolley Holdings Ltd: After tax trading profit for six months to May 31 \$1,119,000 (last year \$719,000). An interim dividend of 6 per cent (last year 5 per cent) will be paid on September 8.

Trans-Ashburton Ltd: The note issue of 332,000 50 cent convertible notes closed on June 19, fully subscribed.

Waitaki NZ Refrigerating

Ltd amended the interim dividend so that the whole 9 per cent will be tax free. The Commissioner of Inland Revenue decided that the balance of the share premium reserve be made available for dividend payments. The dividend will be paid on July 30.

Yates Corporation Ltd: Unaudited group net profit for half year to May 31 \$1764 million (last year \$978,000). An interim dividend of 10 per cent (last year 8 per cent) will be paid September 4.

Economic indicators

THE outlook for dairy exports remains good despite moves to

purchase American surplus according to a Ministry of Agriculture and Fisheries assessment. The Soviet Union maintains a high demand for butter because of its declining milk production. MAP EXPECTS only a limited recovery this week.

Prices were expected to rise slowly during the second half of the year and more quickly the first half of next year, according to the *Agriculture Economics* report.

RETAIL sales for May rose up 11.6 per cent on May 1981. After correction for seasonal changes in purchasing power the Statistics Department monthly survey shows a 1 per cent increase of 1 per cent compared with April 1981.

Fletcher takes on 'Gib' market

by Lindsey Dawson

BUILDING supplies giant Winstone's and Fletcher's met head on in the home handyman field last week when Fletcher Wood Panels launched a new wallboard product in a field previously dominated by Winstone's Gibraltar Board.

Fletcher's Sabreline Wallboard, launched after four years of development, is aimed primarily at the home handyman doing alterations and additions.

New product manager Deane Smart, who has overseen the spending of "some hundreds of thousands of dollars" in the development of the product, said that Sabreline was a world first in the particle board field.

And Fletcher's claims it will out-perform plaster-based boards.

A Winstone director preferred not to comment at this stage on the Fletcher product launch. But when John Ede, Winstone's marketing director,

was interviewed by NBR recently about the Government's controversial \$15 million helping hand, he said that the group's main strength was in its building materials activities.

Fletcher's market research results put estimates of the worth of the domestic wallboard market at about \$15 million a year. If Fletcher carries off a sizeable slice of that market it will not be happy news for Winstone.

Gibraltar Board costs have been rising - along with most other building materials. The price has gone up more than 21 per cent in the past 12 months. A standard sheet of Gibraltar Board for domestic use is now about \$9. The same size in Sabreline will cost about \$7.95.

Sabreline is lighter than Gibraltar (13 kilos a sheet, as opposed to 26) and can be easily drilled, planed or shaped without creating a mass of fine dust. Fletcher says in its first ads for the product that house-

holders can hammer in nails to hand mirrors or pictures without having to hunt for studs.

And, more importantly for the hard-pressed house-owner faced with escalating costs for building materials, the new board is 9 per cent cheaper than Gibraltar if bought in Auckland or Wellington, or up to 25 per cent cheaper in more remote areas. Fletcher is recommending a standard price for the product, no matter where it is bought, whereas Gibraltar Board is sold on a freight forwarding basis.

Fletcher also claims that Sabreline has more than twice the thermal insulation performance and is nearly twice as hard.

Sabreline is the first wooden wallboard which can be stopped and finished to produce a smooth surface ready for painting and papering.

Other wooden wall boards have to be fixed with a crack between sheets to allow for ex-

pansion and contraction due to humidity.

Fletcher has made the breakthrough by devising a method of heat-pressing which leaves the surface flake-free and highly compressed, and the inner layers are under compression. According to Smart this reduces the risk of expansion between the joints.

The new wallboard has been assessed by the Building Research Association of New Zealand, and has received BRANZ Appraisal Certificate. Smart said that about 80 bodies around New Zealand had so far approved its use.

It has also undergone New Zealand Standard flame spread, smoke and generation and ignitability.

"The Building Research Association said the results showed that Sabreline met the requirements for safety in domestic dwellings," Smart.

'Do you know
COWANS have
Fine Art Papers?'

'No.
But if you hum
the first few bars,
I'll follow.'



FOURTH ESTATE SUBSCRIPTION SERVICE

To subscribe to or purchase any of the newspaper directories or books published by the Fourth Estate Group simply fill in and post the coupon below. Please make out cheques as indicated (overseas postage request). If two different companies are indicated for multiple purchases, please make out cheque to Fourth Estate Group, P O Box 9344, Wellington.

(Please ✓ where appropriate)

☐ I/We enclose \$30 for one year's subscription to *New Zealand Business Review*. ☐ Please bill me/us.

☐ I/We enclose \$85 for one year's subscription to *Capital Letter*. ☐ Please bill me/us.

☐ I/We enclose \$5 per copy plus 50 cents postage for copies of *The Office Book*.

Name

Address

Occupation

Signature

Stock Exchange weekly review

FOR WEEK FRIDAY JULY 10 TO THURSDAY JULY 16

Last sale	Week's high	Week's low	Turnover
Airwork, 50c	125	125	300
Alax GKN	125	125	0
Alcan, 50c	400	400	1300
AHI	170	172	1700
Alliance, 50c	285	285	25000
12% conv pr	125	125	5000
Allflex, 50c	106	112	2100
12% conv pr	130	130	1800
Allied Farmers	340	340	23800
12% conv pr	380	380	23200
Alloy Steel	225	225	0
A M Bissley, 50c	240	280	240
Armstrong, 50c	240	240	8200
A Baevan	147	150	145
11.5% conv pr	125	147	125
18 con pref	142	142	130
Andas Group	150	152	150
5-6.5% pr	121	121	0
12% conv pr	130	130	400
ANZ Banking Group	370	370	382
A Wright	370	370	27200
'A' 8-7.5% pr	80	80	0
'B' 5-6% pr	80	80	0
A Barnett	315	315	300
A Ellis	46	46	46
Ashby Borth	385	385	1000
A B Cables	330	330	1200
Atlas, 50c	47	47	10400
10% conv pr	48	48	45
Auck Gas	550	555	550
Aurora, 50c	220	220	218
10% conv pr	280	280	0
14% conv nts	165	165	185
A C I	270	270	1800
Autocrat Sanyo	285	290	285
Balke, 50c	82	82	900
Ballina, 50c	129	129	128
11% conv pr	112	112	110
Bent NSW	525	525	5200
Bent Potr, 50c	445	445	0
Bing Harris, 50c	85	87	85
B N Z Finance	380	380	3000
Bridgeview Mining	130	138	130
Bridgway, 50c	180	180	29200
18.75% spec pr	255	255	465
Bos, 50c	75	75	72
B H P, 200c	2450	2500	2400
Brother, 50c	83	160	160
Bunting, 50c	373	380	373
C P D	360	360	360
10% conv pr	365	365	6200
C F M	250	250	250
12% conv pr	250	250	3300
Canal Flour	250	250	0
Canal Timber	375	380	375
12% conv deb	375	375	3000
Capital Radio, 25c	120	120	0
Capital Life, 50c	115	115	110
Carbonic Ice	400	400	1600
Carroll Hill	440	442	440
CBA Finance, 50c	315	320	315
CCL	290	290	275
Ceramco	304	305	290
12% conv pr	170	170	29200
18% red spec pr	400	400	0
Chenery	350	380	350
Ch'ch Gas	310	310	2300
Ch'ch Press	385	385	1000
City Realities, 10c	47	50	47
Clyde Group	115	115	115
12% conv pr	115	115	100
Collingwood, 50c	55	55	50
13% conv pr	80	80	400
Col Motor	325	325	320
Colyer Watson	125	125	42300
Comalco, 50c	270	270	2800
Command	175	175	175
Con Metal, 50c	180	185	180
conv pr	200	200	17800
Con Minerals, 4c	19	18	18
Cooker Wine	135	140	135
Conv-Wright	250	250	250
12% conv pr	225	225	22350
16.25% conv pr	200	200	200
Crown Consolidated	227	228	218
11% conv pr	215	215	48600
C S R	900	900	215
Dalgaty (NZ)	280	290	280
Dalhoff & King, 50c	68	67	65
Deanes	170	170	170
D C	220	220	218
12% conv pr	185	170	185
Dingwall & Paulger	350	350	350
D Mc Wallace, 50c	102	105	102
12% conv nts	75	83	75
11% nts '82	105	105	105
Dom Brew, 50c	140	143	140
5% pref	120	120	144000
11% conv pr	88	88	88
Donaghy's	310	310	310
12% conv pr	340	340	340
D R G, 50c	115	115	115
Dunlop (NZ)	405	405	405
4.8% pr	55	55	55
Ebbett	135	135	135
Ebbe, 50c	140	140	140
E Lichtenstein, 50c	385	385	385
Empar Mines, 10c	178	178	178
Endeavour	210	215	210
E Adams	225	225	225
Europa pref nt	92	92	92
F T C, 50c	132	138	129
11% conv pr	111	113	111
F Waimak, 50c	188	188	188
Faltax, 50c	182	170	183
5% pr	175	175	175
18% pr	172	172	170
Firestone NZ	162	165	162
Fisher & Paykel	320	320	320
Fletcher-Challenge	251	258	251
15% conv pr	105	105	105
16% conv pr	430	433	430
18% conv pr	90	95	90
10% conv pr	84	85	84
10% conv pr	155	155	155
11.5% conv pr	60	60	60
11.5% conv pr	55	55	55
G Court	180	180	170

Marac Merchant Banking Group

MONEY RATES AS AT CLOSE 16/7/81

LOCAL FUNDS - Commercial	30 DAYS	90 DAYS	180 DAYS
bills prime selling rate % p.a.	13.7	14.25	14.75
FOREIGN FUNDS			
Eurodollars % p.a.	17.375	17.875	17.75
CURRENCY			
US dollars (buy/sell)	Spot	3 mth	6 mth
	.84231/.8415	.83821/.8380	.83601/.83521

Marac Corporation Limited
Auckland Ph. 09 776-840
Hamilton Ph. 07 776-827
Wellington Ph. 04 721-079
Christchurch Ph. 03 722-070
Dunedin Ph. 03 722-070
New Zealand, Australia, Hong Kong, Singapore.

EHS Engineering

24 HOURS SERVICE 24 HOURS	Refrigeration	Air Conditioning	Computer Rooms
Auckland 31 390			
Hamilton 340 030			
Wellington 727 007			
Christchurch 707 100			
Dunedin 52 150			
Invercargill 03 040			

COLLIERS

For all your office - warehouse - factory - shops and investment needs
Property Management & Consultancy
SALES, LEASING, VALUATIONS
Auckland 33 300, Wellington 723 599, Christchurch 8400
and 16 offices in New Zealand, Australia, Hong Kong, Singapore and U.K.

6 MONTHS FREE TRIAL

"EMPLOYERS-
We'll show you
the benefits of
paying your
staff by
Direct Credit...
at our expense"



Take advantage of this offer now. Call us before 31 July and you can experience the benefits of Wales Bank DIRECT CREDIT for 6 months free of charge.

With Wales Bank Direct Credit you'll save time and money, eliminate the possibility of theft and loss and minimise errors.

Wales Bank Direct Credit FREE TRIAL. ACT NOW. Post the coupon below, or call at your nearest branch of Wales Bank.

Post to: Manager, Retail Banking, Wales Bank, PO Box 691, Wellington.

Send me full details without obligation about Wales Bank Direct Credit, please.

Name

Address

Company

Wales Bank

Wine prices beating inflation rate

by Warren Berryman

NEW Zealand wine prices will have increased at a rate much greater than the inflation rate when post-budget prices take effect this week.

A bottle of McWilliams Bakano or Cresta Dore, costing \$1.15 in 1970, was retelling for about \$4.40 — a 274 per cent increase — according to an NBR random survey in Auckland last week.

Over the same period, the

Consumer Price Index has risen 220 per cent.

These two medium-to-good-quality wines, having stood the test of time, are considered good indicators of wine prices generally.

A top local white, Nobilo's Muller Thurgau, retails for about \$13.30 — double the price a Frenchman would pay for a world class Chateau.

Last month, the Government changed the basis for taxing wine from a 20 per cent sales

tax imposed at wholesale level (and imposed on the wine, bottle and cork, transport costs, cartons and markup, to a flat rate of 50 cents a litre on the wine alone).

In the past two weeks, wine price increases have more than wiped out the benefit the new tax regime might have held for consumers.

The Budget increased taxes on spirits and beer. Spirits were increased by 50 cents a bottle; beer by 3 cents a jug.

Tax revenue from beer has risen about 167 per cent in the past four years. Tax now constitutes more than 52 per cent of the price of draft beer.

During that time, beer has lost market share to wine.

The Brewers Association has registered its strong protest at what it complains is inequitable treatment.

Wine exports last year totalled about \$650,000.

Exports of just one Lion Breweries product earned more

than \$1 million in foreign exchange last year. And exports of New Zealand Wine and Spirits, Tia Maria, are running at about \$6 million a year from the company's newly installed plant.

The Government's wine plan doubles the price of many imports by putting a penal import of \$4.50 a litre duty on imported wines costing less than \$2 a litre lobe.

Wine importers have responded to the \$4.50 duty:

• Some have cancelled orders of wines costing less than \$2 lobe. This denies the consumer access to quality wines from the United States, Australia, Portugal, and Spain.

• Others have simply raised their suppliers to increase the prices. If a wine was formerly bought for \$1 a litre, it is cheaper for the importer to pay \$2 for the same wine and pay 85 cents duty than to pay \$1.15 the wine and pay \$4.50 duty.

When the foreign wine importer doubles the price of wine from \$1 to \$2, New Zealand pays double the amount in foreign exchange and Government collects a 85 cents duty when it was have collected \$4.50 duty on the \$1 wine.

One importer, with a shipment of Greek wine on duty before the new policy became effective, considered dumping it in the harbour in a Kirofion of the Boston Tea Party was easier to dump the wine than pay the duty and try to sell it.

In the end, he sold it at a loss. Beer prices, meanwhile, increased from 41 cents a jug in 1970 to \$1.41 today — a 240 per cent increase.

This increase reflects a mounting level of duty on sales tax on beer to a far greater degree than the price paid by the breweries.

French firm selected

by Stephen Bell

THE long delayed decision on Post Office implementation of a packet-switched data network has gone to SESA (Société d'Études de Systèmes d'Automatisation), a subsidiary of the French CIT-Alcatel group.

News of the selection came at the same time as a renewed effort by France's Informatique export venture to make its presence felt here. Informatique handles a range of electronic data retrieval products including videorecorders (viewing document facsimile).

SESA is responsible for the Transpac packet-switching network, which provides efficient data communications throughout the BEC community. The company has also done packet-switching work in New York.

CIT-Alcatel is in turn a subsidiary of the vast French conglomerate, CGE (Compagnie Générale d'Électricité).

Implementation should start in September and the first packet-switched links should become available by the end of next year.

Normal data communications ties up a physical line, or part of the information-carrying capacity of such a line for the duration of a connection, but obviously pauses will occur in the message, effectively wasting communications capacity.

Packet-switching avoids this by dividing data into "packets", delivered to their destination according to the "address" appended to the "packet". Packets for different destinations and from different sources can be carried along the same line or part of a line and the addresses sorted out at the destination.

The first-stage network will have a trunk line connecting nodes in Auckland, Wellington and Christchurch.

The 'underground' economy: hidden taxable income

SUBTERRANEAN, underground, black, informal... the name doesn't really matter. What is more important is that most New Zealanders at one time or another have indulged in it — legally or illegally.

Commonly, Dad offers the local mechanic cash in hand if he'll fix the car in his spare time at half-price.

Or the neighbourhood chipper fixes the electrician's fence in return for a rewiring job on his own home.

It is, of course, the age-old system of barter, stretching back as far as the Stone Age when Caveman Rob swapped some mammoth meat for a megatherium coat that Caveman Bill had lying around.

Life was simple — until Caveman Bruce wandered into town with mammoth meat, megatherium coat and a cigarette lighter for easy Ice Age nights in the cave. And so the barter system began to crack at the seams, to be replaced by a standardised form of value (shells, coins, notes... money).

The invention of money, in turn, led to other inventions — banks, bank managers, the cash register and that most pervasive of 20th century influences, the taxman.

And here endeth the NBR potted history of business practice.

Facetious perhaps, but it does lead to an important point; nobody likes paying tax.

At best we regard it as a necessary evil. At worst, daylight robbery. And, by fair means and foul, we all try to pay as little as possible.

In such an atmosphere, means of sidestepping tax payments flourish.

Self-styled tax-hater Bob Jones describes it thus: "There was a time when tax avoidance was considered anti-social and tax evasion contemptible. I believe that is no longer the case and both practices are now almost admired and certainly socially acceptable."

Tax havens have become an international growth industry and tax avoidance a way to fight the system that we imagine, rightly or wrongly, oppresses us all. The attitude leads automatically to the phenomenon that has been described as the underground economy.

Description is easy, but definition is virtually impossible. This informal economy is recognised as substantial, but no-one can say exactly how substantial because no-one can agree on an acceptable definition of what the underground economy should incorporate.

Internationally, various learned economists and organisations have suggested ways to measure this activity. But all are generally regarded as crude or ineffective or simply incomplete.

Consequently, estimates of its extent vary widely. One estimate suggested that as much as 30 per cent of gross domestic product in Italy was made up from the underground economy.

British researchers, on the other hand, say that although a substantial proportion of the population indulges in the underground economy, it only represents some 2 to 3 per cent of national income. Some estimates put the figure at 7 per cent, others higher, others lower.

In New Zealand, similar ef-

forts have met with the same lack of success. Treasury, for instance, tried to look at the problem earlier this year but gave up because there are so many difficulties in defining the criteria and assumptions that must inevitably be used when trying to measure the scale of this economic activity.

At present, Treasury has no official view on the size of the black economy.

Late next month, leading economists will try to have another crack at the exercise when they meet for their annual conference in Dunedin. One of the planned workshops will look at tax evasion and avoidance.

Inland Revenue figures, however, do provide a starting point for the scale of underground economic activity in New Zealand.

The recently-tabled annual report details tax discrepancies revealed by departmental audits and investigations of business taxpayers, including companies.

In the 1980-81 year, \$93 million of understated taxable income was revealed by these probes, resulting in an extra \$38.9 million in taxation for the Government coffers.

(Tax collecting is a profitable investment area, according to the report: "In cost/benefit terms, each inspector produced an average yield of approximately \$8.37 for each dollar of expenditure. The yield for auditors amounted to \$4.60.")

So, undeniable statistics start the underground economy as a \$100 million a year enterprise. But that figure does not include "understated taxable income" that was not discovered, tax discrepancies by individual wage and salary-earners and undeclared exchange of goods or services.

Inland Revenue says no figures are available for avoidance or evasion by wage and salary-earners because the examples are just adjusted automatically on the general account.

But a departmental spokesman says a "substantial" amount of money is avoided or evaded by these tax-payers.

While individually, the amounts may be small, collectively there are far more individual taxpayers on IR12 forms than the 150,000 employers in New Zealand.

Certainly, while taxation continues to remain such a high element of earnings the incentive to minimise it, legally or otherwise, will remain equally high.

The Accountants Society, for example, has told Inland Revenue Minister Hugh Templeton about its concern at "the apparent growth of tax evasion and tax avoidance schemes" and "will support any thorough investigation which would lead to a well-considered reform of the tax system," according to its *Accountants Journal*.

Proponents of tax reform were disappointed by Finance Minister Rob Muldoon's Budget earlier this month.

Despite the continuing pressure from the private sector for reform, all Muldoon would promise was "careful consideration" of the Planning Council's *An Agenda for Tax Reform* "with a view to implementing a comprehensive reform of the taxation system."

So while the debate continues, individual and corporate attempts to evade or

"The Government is conscious of the present widespread debate on the need for tax reform which, to many people, means simply a reduction in the level of taxation. Those who seek radical changes to the tax system, however, should appreciate that these cannot be achieved overnight."

With those words on Budget night, Prime Minister Rob Muldoon effectively killed immediate hopes for substantial tax reform.

And, at the same time, he gave continued incentive for the many thousands of New Zealanders who operate in the twilight world of the subterranean economy as their tax burden becomes heavier.

NBR reporter Allan Parker goes underground...

avoid tax will similarly continue, with the subsequent loss of revenue that surely runs into hundreds of millions of dollars a year.

Undeclared income detected by alert taxmen has more than doubled in the last four years from \$42.7 million to the latest \$93 million.

And this is despite heavy

penalties for illegal tax evasion. Successful prosecution can lead to a fine of up to \$2000 an offence — and each year is regarded as a separate offence.

Separately, the Commissioner of Inland Revenue can impose penal tax, which can be up to three times the amount of the deficient tax as well as the deficient tax on top.

Such exchange is not illegal, but it is still regarded as a business transaction and the

Last year 143 New Zealanders were convicted for offences against the Inland Revenue Act and penal tax of \$1.1 million was imposed on just under 2000 people or organisations.

As well, tax inspectors have wide powers and can assess undeclared income themselves if no records have been kept by the taxpayer.

Such assessment will be done at retail value and the onus then falls on the taxpayer to prove the assessment is incorrect, a difficult task without records.

A common method of tax evasion or avoidance is the exchange of services or goods — a return to the basic barter system.

Such exchange is not illegal, but it is still regarded as a business transaction and the

law demands it be declared as income.

Such a transaction does not need to be made at retail prices or rates; there is no law that insists a business must make a profit.

But unless records are kept of the transaction, the tax people will assume the transaction was made at the retail level.

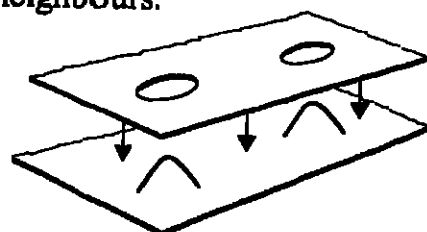
The temptation to bypass this official step and avoid tax is a powerful inducement to break the law.

And until major tax reform relieves the burden, many New Zealanders will undoubtedly continue to do so.

FOOTNOTE: For students of the Stone Age, a megatherium was a huge slothlike creature that hung on to trees and killed its victims by falling on them. Comparisons between the megatherium and taxation are invited.

Our dimples are designed to make us perfect.

When a Honda is assembled it fits together only one way... perfectly. The reason is the dimples and ridges built into Honda components so that each is always positioned precisely in relation to its neighbours.



To achieve this remarkable standard of precision, Honda must design a car not once, but twice. The first time to breathe life into a great idea. The second time to ensure that the reality of each car lives up to that idea.

Implanted into the metal dies of each Honda component are the codings that ensure the perfect fit. Every dimple and every ridge matches the

depressions and creases on their correct counterpart, and no other.

These exacting standards typify Honda's attitude to assembly that refuses to compromise quality by using short cuts. And it is this self-discipline that always makes a Honda worth waiting for.



HONDA
ACCORD & CIVIC

New Zealand Motor Corporation Limited Ltd
Available from dealers and branches nationwide.



"TV Helped Open Up A Brand New Product Category..."

"... now Dynamo's here to stay."

Liquid Dynamo: only television demonstrates product performance benefits lives.



"Colgate-Palmolive Ltd launched Dynamo Liquid Laundry Detergent nationally in early 1980. Within 12 months it had become a major contender in the main wash laundry market — a remarkable achievement against entrenched consumer purchasing and usage habits.

Television is a vital part of our marketing mix — it certainly succeeded in establishing Dynamo in an important new product category. It is our experience that in today's competitive market manufacturers

of packaged goods cannot afford to be without television."

Graeme Murray
Marketing Manager
Colgate-Palmolive Ltd
New Zealand



TELEVISION
NEW ZEALAND

Switched on
for you!

"Anybody who is travelling internationally today would be very foolish to make a trip without an American Express Card."

The Parkinson Interview.

Michael Parkinson speaks with famous American Express Card member, Mark McCormack.

As Chairman and Chief Executive of the International Management Group, McCormack is the business brain behind such illustrious figures and high earners as Bjorn Borg, Arnold Palmer, Alan Jones, John Newcombe, Muhammad Ali and a host of others.

PARKINSON: "Mark, you've been called the most powerful man in professional sport, is that an accurate description?"

McCORMACK: Well, I suppose we exert a greater influence over more sports on an international basis than any other single person or single group of companies.

PARKINSON: Many people would argue that the added money in sport, the increased professionalism, is a bad thing.

How do you view that?

McCORMACK: Well, I think that anything which tends to create more proficiency in sport is good and with money people can do it as a full-time career, and without it they can't.

If they do it as a full-time career they get better.

So I think it's good for sport.

PARKINSON: How do you see the future. Do you see more professionalism?

McCORMACK: I think, for the same reason, I do.

I think that sport never used to be a way of life; it never used to be a career a young man or woman could seriously think about doing for the rest of their life, and now they can.

PARKINSON: Is there a problem being one of the few agents I know who's considerably richer than most of his clients?

McCORMACK: Well, I think that most of the people that we represent have earned money from their talents and I don't think they begrudge me, or my company, earning money for ours.

PARKINSON: Do they ever disagree with your advice?

McCORMACK: Well, certainly they disagree, and of course all the decisions are theirs but then again they pay us for our advice because they think we're the best at what we do so generally they accept it.

PARKINSON: What do you advise your clients about American Express?

McCORMACK: I think that anybody travelling internationally today would be very foolish to make a trip without an American Express Card.



It gives you, no matter where you use it in the world, a uniform record of what you spend, which is useful and indeed necessary in terms of tax preparation and financial reporting.

PARKINSON: Are there any other advantages of the American Express Card when travelling?

McCORMACK: Well, certainly when you're going to places in the world where you're not known or haven't been before, having an American Express Card gives you an introduction that accomplishes all your needs.

PARKINSON: We've talked about using the American Express Card abroad but how much do you use it at home?

McCORMACK: Well, I think it's a really convenient in your own home town as well, at shops, stores, restaurants and for all the same reasons I use it for when travelling.

PARKINSON: So all your clients are advised to use the American Express Card?

McCORMACK: Well, we certainly recommend it.

PARKINSON: And do you take your own advice?

McCORMACK: Absolutely.

Apply now for the American Express Card
Send to American Express, P.O. Box 4005, Auckland 1. (Low rate of 10c)

YOUR PERSONAL DATA		Debit card - use for direct debit with your bank	
Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Miss <input type="checkbox"/>	Surname	Address	Postcode
First	Middle	Signature of Applicant (if not the same as above)	
Date of Birth	Signature of Christchurch and Mobile Numbers		
YOUR HOME ADDRESS			
Home Address		Street	Postcode
City	Postcode	Country	Phone No.
Own Home <input type="checkbox"/> Rent <input type="checkbox"/>	Phone No.		
YOUR OCCUPATION			
Name of Company or Employer (if retired, last employer)		Years There	
Address		Street	Postcode
City	Postcode	Phone No.	
Nature of Business		Position	
TYPE OF ACCOUNT REQUIRED		SUPPLEMENTARY APPLICATION	
Personal <input type="checkbox"/> Business <input type="checkbox"/>	Individual <input type="checkbox"/> Company <input type="checkbox"/>	Signature of supplementary applicant	
If you have a company account, please specify amount and source of funds		First Middle Surname	
Professional fee (if applicable, state fee or if applicable, state fee)		Position/Relationship	
If you have a company account, please specify amount and source of funds		Date	
If you have a company account, please specify amount and source of funds		Position/Relationship	

TERMS AND CONDITIONS I, the undersigned, warrant that the information volunteered by me is true and correct. I authorise American Express to confirm and exchange any information provided on this application. I understand that if this application is not approved, no reason will be given. Any card(s) issued will be accompanied by a set of conditions governing the use of such card(s).

SIGNATURE OF APPLICANT X **DATE**

AUTHORISING SIGNATURE (if company account or if applying for a supplementary Card only) X **DATE**

The American Express Card. Don't leave home without it.

Analysing annual accounts: AHI

by Klaus Sorensen

IT MUST give a comfortable feeling to have shares in Alex Harvey Industries Ltd.

The Auckland manufacturer has established itself as New Zealand's largest exporter of manufactured goods, and recently has diversified into the forestry and tourism industries. It has also proven itself with an enviable consistent earnings record and its current financial position should ensure AHI can carry out its diversification programme on a large scale.

But in some ways the latest annual report for the year to March 31 1981 is a disappointment.

There is a number of gaps in its attempts to make a detailed disclosure of its business activities, and directors seem to have decided that anything which occurs after the balance date need not be discussed in an annual report.

The company's purchase of a 23.6 per cent interest in Carter Holt and a 51 per cent share in Vacation Hotels, are noted, but apparently because they were made after balance date, there is no reference to the motivation in making these investments or the strategy which will be used to develop them.

The purchases were both made during April and since the notice of annual meeting is dated June 30, shareholders must assume the directors would have had time to compose a few paragraphs on the company's new investments.

Managing director Cliff Cairns has made a praiseworthy attempt to detail the factors which influenced each

activity during the year but there are few references to changes which have taken place in the accounts.

A breakdown of the company's expenses — particularly as they totalled a massive \$284 million in 1981 — would be useful for shareholders to assess where the company is likely to feel cost increase pressures most.

The company's taxation situation is complicated, and even though the end result is a handsome tax credit, shareholders often appreciate a simple explanation from the directors on the company's current and anticipated tax position.

As well, the company has adopted tax effect accounting, but the ramifications of this is not readily apparent to the layman from the reference to it in "Note 13" of the accounts.

The company also suffered an increase in the extraordinary items provision and while this is treated as a below-the-line deduction, there is no explanation of such things as a "reduction in the value of investments" of \$395,000.

There are also several references to the loss of refrigerated shipping container exports worth \$6.5 million, but there are no reasons given for this sizeable loss of business.

As reported, the net profit fell 7 per cent from \$16.5 million to \$15.3 million, and as might be expected the most interesting part of the accounts is the profit and loss account.

Sales increased by a comparatively low 8.2 per cent from \$200 million to \$214 million, while expenses of production, distribution, selling

and administration (not detailed) rose at a slightly faster rate of 9.2 per cent from \$260 million to \$284 million.

The company carried out a partial refinancing programme during the year, converting some short-term liabilities into longer-term debenture borrowings, and the result was a much higher rise in financing costs.

Depreciation was up from \$7.8 million to \$9.1 million, interest on mortgages and fixed term loans was down slightly from \$1.5 million to \$1.4 million, but interest on debentures rose 78 per cent from \$1.8 million to \$3.2 million.

"Other interest" charges were virtually unchanged at just over \$2 million, leaving a net trading profit before investment income and taxation down 20 per cent from \$16.3 million to \$13.6 million.

Investment income was up from \$259,000 to \$284,000 while the net tax credit for the year was up from \$1.6 million to \$3.1 million. Less minority interests of \$1.7 million, the net profit before extraordinary items was down 7 per cent, from \$16,545,000 to \$15,263,000.

The notes to the accounts refer to the adoption of tax effect accounting, and give a breakdown of how the final tax credit was arrived at.

The notes show that the profit before tax of \$13.9 million attracted a tax expense of \$6.2 million (\$7.4 million last year). Export incentives amounted to \$7.6 million (\$7.5 million), prior year adjustments arising from overprovisions and realisations of losses carried forward were \$1 million, plus

various smaller items of forest development expenditure, stock valuation adjustments, non-assessable income, and regional investment allowances, the total tax credits are \$9.3 million.

This left a net income tax credit of \$2.8 million (\$1.3 million), to which is added a deferred tax benefit on an investment allowance of \$282,000, leaving a net tax credit of \$3,136,000.

The note on extraordinary items shows a provision of \$214,000 for the actual and estimated losses on closing down or disposal of certain operating plants, a \$158,000 net goodwill writeoff and a \$395,000 provision for the reduction in value of investments (not detailed).

The net extraordinary item is \$683,000 after a \$84,000 capital profit from the sale of an investment.

Another below-the-line deduction is a transfer for "increased cost of replacement of fixed assets" of \$7 million (\$7.6 million) which brings this provision up to \$39 million.

Reserves of \$84 million are made up of a \$5.5 million share premium reserve, a \$1.5 million capital asset revaluation reserve, the \$39 million asset replacement reserve, exchange losses of \$213,000, and retained earnings of \$38.5 million.

Term liabilities are up from \$28.2 million to \$37.5 million, mainly as a result of an increase in debenture stock from \$18.5 million to \$27 million.

Current liabilities and provisions are down from \$69.8 million to \$64.9 million, following a reduction of the bank overdraft from \$13.9 million to \$10.9 million and a fall of loans repayable within one year from \$13.2 million to \$8.4 million. Sundry creditors are up from \$39.4 million to \$41.5 million.

The directors say in their review that two private placements of debenture stock were arranged amounting to placements of \$10.7 million and receipts as at March 31 of \$8.3 million.

In addition, a \$11 million overseas loan has been drawn.

Fixed assets are up from \$99.2 million to \$105.5 million, forest establishment costs are \$3.4 million, intangibles, such as goodwill and the Turao ski-field development costs, are valued at \$2.6 million, and investments, which include Government stock, shares in other companies and other investments, are \$1.5 million.

Current assets are \$127 million, comprising mainly sundry debtors of \$54.9 million and stocks and raw material of \$66.2 million.

The directors say the fall in profit in the current year does not reflect the earning capacity of the company, given normal trading conditions, and Cairns explains that a number of significant "one-time" costs were incurred in the year, and while they affected the profit, "will provide benefits in the current year and in future years."

One of the main items was the installation of the machinery for manufacturing the company's new Decrabond roofing tiles, which encountered commissioning difficulties. Lost production and sales resulted in "an under-recovery of costs of approximately \$1 million".

Phone that Telex message

Telex service is now as close as your nearest telephone.

Take advantage of the Post Office's 24 hour 'Phonatelex' service operating nation-wide. Simply:

- Call "Telegrams" (or if you are calling from outside a Chief Post Office telephone free calling area-dial tolls)
- Ask for 'Phonatelex'
- The operator will take your message, arrange for it to be transmitted to the telex subscriber and post you a copy
- It's almost like having telex in your office

Phonatelex



YPI01

New Zealand's The

MODERN FREIGHTERS LTD

Phone 85-077 Levitt
44-783 Cochrane
12-111 Sturges Co-Op
(Nelson) Ltd (Agent) 83-054

REFRIGERATED TRANSPORT THROUGHOUT NEW ZEALAND.

Fast and fresh. That's how Modern Freighters have been delivering the goods for the last 21 years. Perishables cooled or frozen. Driven day and night, near and far, and always arriving in crisp mint condition. Trust the Mighty Freezer Fleet. Whenever your goods are bound, one of our 44 trucks is waiting on ice ready to go there with. Because fresh freight won't wait!

Market research: Tuck finds how consumers tick

SINCE the appearance of our article outlining the Fishbein/Tuck theory of consumer behaviour (NBR, June 29), we have been asked about its application to advertising and advertising research.

The American behaviourist Martin Fishbein developed the theory that behaviour is based on behavioural intentions which depend on attitudes and norms. A person's attitudes derive from beliefs about the act and also from norms — or what other people think about that kind of behaviour.

Mary Tuck took these principles which had been used only in social science applications

and employed them in market research for advertising.

If the objective of marketing and advertising is to change consumers' attitudes to brands and consequently their buying behaviour, it is essential to first establish the existing behaviour pattern.

"Unless we have a model of people's behaviour, we cannot proceed," states Mary Tuck. So she has devised a step-by-step plan.

Elicit the salient beliefs either in mass or individual studies. Relate attitudes to the act or behaviour and not to the product. Your attitude to a Rolls-Royce may be highly positive,

but to buying one completely negative.

Ask "How do you like using Persil?" not "What do you like about Persil?"

Don't forget the importance of the norms in shaping behavioural intentions. Asking who are the kinds of people who buy the product will often disclose the norms. Distinguish behavioural intention from actual behaviour. Someone who had fully intended to buy your product may have been diverted by competitive activity or faulty distribution.

Give thought to the specific level on which you are operating. The more specific and precise the intention the

more likely it is to be related to subsequent behaviour. The nearer the time of purchase, the more accurate the response will be.

In research practice, it is possible to produce scales which measure the strength of the beliefs held, then to discover the salient beliefs common to a group of respondents and so quantify them.

When research has uncovered the salient beliefs it is then necessary to plan advertising that will reinforce those beliefs which are favourable to the purchase of the product or to change the unfavourable beliefs or norms.

When in Britain research

discovered that normative behaviour — based on the opinion of other women — decreed that drinking Guinness stout in pubs was not acceptable, the company released a campaign in which the advertising showed the product in elegant up-market situations in order to change the norm.

In the field of products, Tuck declares, advertising does the agenda setting for us, largely selecting the product range that we think about.

Advertising determines how people perceive a product and stereotypes beliefs about it.

Research has shown that where a product has been heavily and continuously

advertised, the salient belief held can often be a play on the advertising message.

Mary Tuck conveys two strong convictions about the model. The first is that the study of consumer behaviour can be reduced to its simplest terms when we have only two variables to consider. The second is that this theory of choice can hold up against all practical tests.

Those convictions, expressed with considerable personal force to the New Zealand Market Research Society, likely to have more effect than what she delightfully calls "a persuasion industry" than the book "How Do We Choose?" did. — Grev Wiggs

Polls aid democracy

"PUBLIC opinion polls: very well into our scheme of democracy," visiting market research expert Mary Tuck told Admark.

"They are preferable to referendum system which the power of absolute lies. There is no recourse, no res from the decision made by referendum."

"Referenda result in government by the mob which is antithesis of the Westminster system. We send our members of parliament into office as delegates to take such measures as are believed best after listening the evidence."

"I see public opinion polls providing one more piece of data, an input that should be there."

"The more that MPs know what people want, the more constraints are imposed on their deliberations."

"Polls are an important part of democracy — the more the better."

Tuck described New Zealand researchers as "wildly touch" with what was going on in their field in other parts of the world.

"I presume this comes about because they want to compensate for this country's isolation."

"In my observation they are technically as methodologically well equipped and are pretty good at setting up effective relationships between agencies, researchers and marketers."

"You have an alert Market Research Society to act as a guardian of standards," she said. — Grev Wiggs

Glossiest of the glossies

IN the spate of new glossy magazines hitting the stands Auckland's City Girl magazine keeps on keeping up. City Girl, along with New Zealand's answer to Playboy, Jetset, and the tabloid News and Nautical News, are stablemates of Glamour Publications Ltd, headed by managing director Mike McCann.

City Girl has struggled with poor image from previous ownership several years ago and continuity has not been helped by a succession of editors.

But under new editor Sheridan Keith the magazine now called New City Girl has polished up its glossy

The magazine is very much in the *Glo and Campollian* mould, aimed at women between 18 and 30, but it has the advantage of local content.

City Girl sales manager Suzanne Corbett said it has been a long haul overcoming the magazine's "chequered past" but that advertising support was improving. The magazine's August issue will be up 40 pages to 144, and will contain 80 pages of new summer fashions.

Keith has a deep interest in the arts and is including an arts section in the magazine as well as fashion, beauty, lifestyle and show business copy.

The company's other glossy, Jetset, is a sort of antipodean Playboy, complete with unclothed girls down to the last freckle, mole and stretchmark. Jetset has no shortage of girls willing to pose, says editor Barry Thompson, but not many make the grade in good looks, so the girls featured are not all home-grown.

Thompson says that the magazine is upmarket ("we don't feature cats worth less than \$20,000") and includes in-depth social and political stories. Articles on Jan Anderson and Robert Muldoon will appear in forthcoming issues.

Jetset, published bi-monthly, was selling very well and the distributors, Gordon and Goch, were asking for more, he said. — Lindsey Dawson

Controversial ad honoured

A TELEVISION commercial, which drew heavy public flak because it was allegedly in poor taste, has won an international award.

The ad, featuring the "captain" on a sinking ship drowning his sorrows with a Tip Top Choc Bar, won first prize for Colenso Communications Ltd of Auckland in one of the FACT award categories.

This was the first year that FACT, the Federation of Australian Commercial Television Stations, opened its award contest to the Pacific and Asian region as well as to Australian ad companies.

Ironically, the award-winning ad has now been replaced by a similar one, where the dying ship is clearly named "SS Indulgence" instead of giving the impression that it is the Titanic.

When the ad was first screened box-watchers were very vocal about the commercialisation of a disaster. Critics included Auckland Star TV page editor Barry Shaw, and 12B broadcaster Merv Smith.

Colenso account executive Garry Thompson said the agency was surprised by the flak caused by the ad. "It was intended to be satirical and the initial concept was that it should be part of a humorous series based on historical events."

"We envisaged maybe Custer with a Choc Bar at his last stand, or Nero keeping his cool while Rome burned. The criticism was disappointing."

The new "sanitised" version has the ship hitting an island instead of an iceberg, so that there is no connection with the Titanic tragedy.

Colenso also won third place for its ad for Tip Top cones entitled "Teenage Queen", which featured a blonde hometown girl and her romance with the boy scooping cones at the drugstore.

And Colenso's associate company Whitaker Advertising did it again with its "Dear John" ad for BASF tapes. It got two firsts in separate categories.

Dobbs-Wiggins McCann-Erickson in Wellington also won a FACTS award for its seatbelt ad for the Ministry of Transport.

Awards were presented at the Wentworth Hotel, Melbourne, on July 8. There was to have been an international judging panel, but due to Telecom strike problems all the awards were judged in Australia. — Lindsey Dawson

Sticky problem

WE are reminded of the American car manufacturer who couldn't achieve worthwhile sales in a South American

country with a car named Nova. In Spanish, the name means "doesn't go."

The 3M company is introducing what it glowingly describes as a "new invention" that "could revolutionise informal message sending and reminders."

Called "Post-it Notes", the product consists of pads of canary yellow paper in a range of sizes with an adhesive on the back of each sheet.

You write your message and stick it in a prominent place where the recipient can't miss it — on doors, chair backs, telephones, typewriters and so on.

And it will come unstuck, 3M promises, without leaving a mark.

The worth of the company claim for a "giant communications breakthrough" you can judge for yourself. But the trade-marked name "Post-it", used in this market, looks like a communications breakdown.

The associated words "Post-it notes" in our usage must carry the primary meaning of a brief letter to be sent by the Post Office delivery services. Americans widely use the word "mail" where we use "post".

So where we "post" a letter, the Americans "mail" one, to be delivered by the mailman not the postman.

The 3M company is using the word "post" in the other meaning of "stick" — perfectly good English, too — as in "post no bills".

Good marketing practice might have suggested a semantic adaptation for English-speaking markets but, on second thoughts, "Stick-it Notes" advertising to the telephone handpiece, for example, might not have achieved the right degree of acceptance for this stationary stationery. — Grev Wiggs.

The OK from Okker

AS every Lion-browned, gumbooted Kiwi knows, any Aussie

is, by definition, one-eyed or offside.

But when the Aussie is an advertising manager for a multinational advertiser and shows a predilection for New Zealand advertising agencies, who's going to blow the whistle on him?

When Admark met Andrew Hunter who is responsible for a big bikkies budget for Monsanto agricultural chemicals in the South Pacific area, he was quite prepared to be quoted as saying that, in his opinion, New Zealand agencies are among the best anywhere.

"Look at the Kiwis in top positions in agencies in Australia and around the world — that has to say something for your standards," he said.

"We originally interviewed a small, carefully selected group of New Zealand agencies and quizzed them on different facets of agency service. They were highly professional and we found it difficult to separate them."

"Since we made the selection, we have achieved a productive working relationship in an incredibly short time and find it extremely effective."

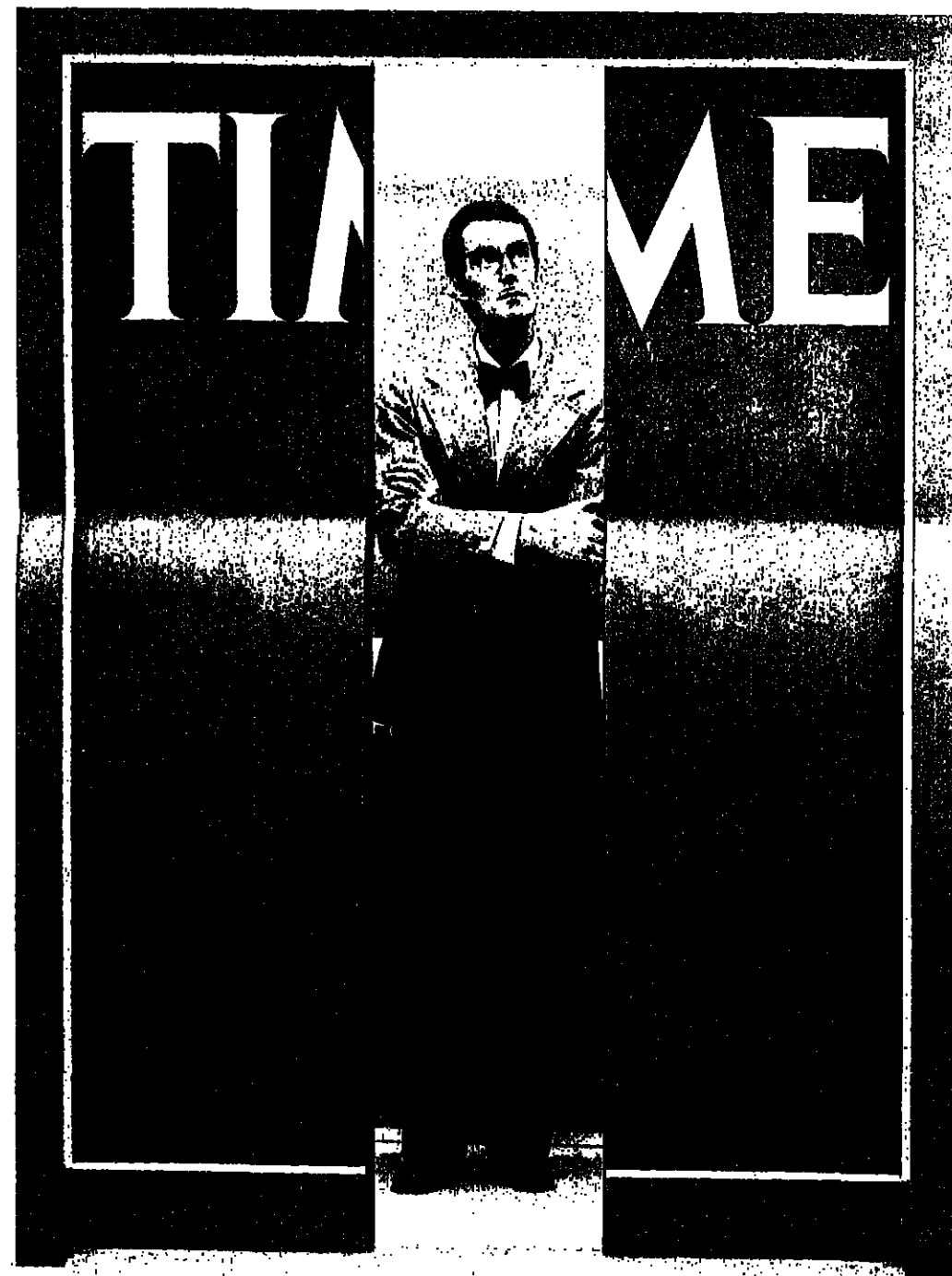
Hunter considered that the smaller size of our agencies might be responsible for the speed with which it was possible to build an agency-client rapport.

"You breed more all-rounders so clients are not limited by the narrow specialisation often found in big overseas agencies. There is a good balance in the importance accorded to both client and agency viewpoints."

"Clients can relate to creative people here free from the barriers imposed by gurus."

And, to deflate our egos a trifle, Hunter believes that in the specialised area of agricultural advertising, Australian and New Zealand agencies set the standard for the world.

— Grev Wiggs.



TIME ELEVATES.

Which weekly news magazine can lift the tone of your advertising to the executive floor? (75% of our primary readers in business are managers or executives.)

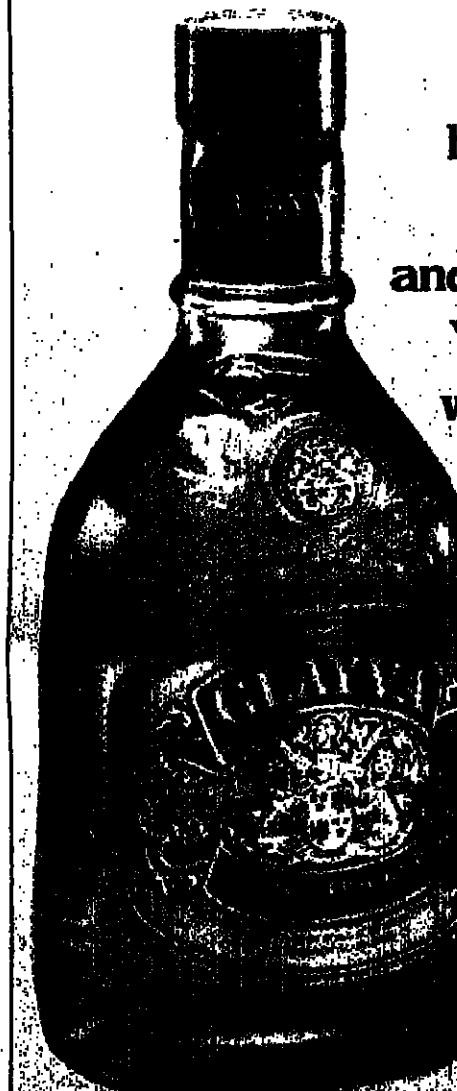
Which news magazine takes the world to the top each week? (76% of our primary readers have had tertiary education.)

And which news magazine opens the door to the highest weekly circulation? That's right... TIME.

Survey of Time New Zealand primary readers by Erdos and Morgan, Aug-Oct., 1979.



**'Quite frankly, I'm not a
liqueur man myself.
But as for the one they call
Glavya, well, that's
a different story.'**



Glavya's a subtle
blend of matured
Scotch whiskies
and aromatic herbs.

You might call it
warmth without fire.

It's a marvellously
different kind
of liqueur.

Iain
Cuthbertson

Glavya
Scotch Liqueur

The biggest advertising agency in the world needs you!

JWT ADVERTISING ACCOUNT DIRECTOR ACCOUNT MANAGER

Exceptional Remuneration Wellington.

Thompson Advertising are looking for very good account handlers to manage and run some of their business expansion.

Account Directors, supervisors, managers, executives with good all-round experience and an urgent desire to get ahead, will find an exciting, demanding and rewarding environment in which to operate.

There are two positions. Account Director for three major business areas involving packaged goods, general merchandise and agricultural/horticultural products. Age between 28 and 35.

Account Manager to work with a highly experienced Account Director on some of New Zealand's leading companies and brands. Age between 22 and 26.

All applications will be treated confidentially. Phone for preliminary information or apply in writing giving background and experience to:

Mr P. Marsland, Managing Director,
Thompson Advertising,
P.O. Box 11-344, Telephone 739-171 Wellington.

Road transport's \$30 million isn't really a handout

by Bob Stott

THE Budget address contained one of the clearest statements yet on the extent of the subsidy being paid to road transport:

"Because road user charges do not yet fully cover the costs of the wear and tear imposed on the road system by heavy vehicles and the costs caused by the construction standards required for such vehicles, a subsidy of \$30 million for the benefit of the road transport industry and its customers is being provided in the 1981-82 Estimates."

This suggests that the Government intends to recover the full amount of road user charges.

The legislation allows for an annual increase not exceeding 20 per cent in these charges, but larger increases can be levied after reference to Parliament. So it is likely that action will be taken in the near future.

There are other ways of adding up figures, as the Road

Transport Association pointed out after the Budget had been presented. This year \$245 million will be provided for road transport through the National Roads Board, yet overall, total taxation (on petrol, sales tax on vehicles etc) will come to more than \$600 million.

Of the \$245 million, \$122 million will come from motor spirits taxation and \$83 million from road user charges. Adding the \$30 million subsidy on heavy vehicles and an extra

sum for development roads brings the total up to \$245m. The difference between this sum and the more than \$600 million total tax take on road transport disappears into Government coffers.

Therein lies the problem. Road transport as a whole, including private motoring, pays more in tax than is spent on road transport. In other words, road transport is used as a revenue source.

Nevertheless, heavy trucks

are not meeting their full costs (presuming the basis on which the road user charges are calculated is fair and equitable.) And on this basis, road transport is losing at least as much as New Zealand Railways, if not more.

In this year's Estimates, the Economic Stabilisation Vote shows the sum of \$88,530,000 set aside for Railways' losses (\$29,800,000 of which is for urban services). The previous year \$74,772,000 was set aside for this purpose and \$89,772,000 actually spent.

Although these figures cannot be directly related to the deficit total which will be shown in the yet-to-be-tabled Railways annual report to Parliament, it is clear that the Railways loss this year will be no more, and maybe a little less than the previous year's loss of \$55,804,555, plus interest charges of \$31,107,400.

The Estimates show that \$26,296,000 of last year's Stabilisation money paid to

three months 27 firms were under, firms which opened 212 trucks.

If they push up their rates to cover increased road user charges more and more people will buy their own trucks because they will be convinced that do-it-yourself transport is cheaper than hiring a carrier.

Such ancillary operators often lack the ability to work out the full costs of running their own vehicles — farmers who buy costly trucks and use them only once or twice a month are good examples. Every farmer who buys his own truck knocks another nail into the coffin of his local carrier.

Yet at the peak of the season when the farmer cannot provide enough transport of his own to shift stock to the west or whatever, he expects a local carrier to be able to give a hand. But by the time his local transport has gone broke.

Farmers are used as an example, but other industries



Railways went on urban services and the same pattern is followed this year, suggesting that at least half of the Stabilisation money is going on providing main centres with commuter services.

The balance — that is the total NZR loss less interest and less urban service costs — is a good deal less than the \$30 million subsidy being paid to heavy road transport.

On top of that the urban service figure does not include the cost of branch-line operations, long-distance passenger trains and other social services, which are calculated by Railways to be near \$60 million.

In other words, if Railways' interest burden is wiped (and it arose out of the price freeze of the early 1970s), and if Railways is fully recompensed for urban and social services, then the NZR books are almost certainly in credit.

Elsewhere in the Budget address the formation of a railways corporation is referred to. The address says that the corporation will operate on a commercial basis "subsidised only for those specific services which the Government requires the corporation to provide on a non-commercial basis."

And so on the Government's figures, the new railways corporation is almost certainly going to be profitable, as it will be recompensed for social services and probably will have its interest burden wiped.

And also on the Government's figures, road transport will be \$30 million in the red this year.

But how can road transport operators cope with an increase of \$30 million in road user charges on top of the \$83 million, they are already paying? Carriers are going broke at an alarming rate — in the past

use their own vehicles. However, rural carriers are currently suffering (most of the mentioned above as having gone broke are rural carriers) it is fair to use farmers as scapegoats.

It should be obvious that a nation needs a strong transport industry — and it seems the Government is determined to recover the extra \$30 million from that industry.

This will mean a rise in transport rates, which will quite likely encourage people to buy their own trucks which will in turn weaken the position of the licensed carrier even further.

Ancillary operators do have the same obligation as licensed common carriers: they pay the same fees. It might be an idea to place in return for his response to always be on hand if needed.

Such an advantage does not lie in the form of a rate of user charges, for the rate of user charges is the rate of user charges. These charges are supposed to relate to road wear, and previously a carrier's truck given weight causes as much wear as a farmer's truck.

But it might be possible to fund sales tax to licensed common carriers, or something similar.

By making such concessions road carriers could afford to pay more in road user charges and go wipe their "deficit" of \$30 million without a corresponding increase in road carriage rates.

The \$30 million would be coming from the taxpayer's pocket, of course, but the transport would no longer be seen as a "loss-maker" in the same way that it is seen as a "loss-maker" by the Railways Corporation, either.

Selling NZ to China . . . in the local language

by Allan Parker

KIWI exporters are hoping they have a paper tiger on their hands with publication of the first promotional brochure on New Zealand products to be printed entirely in the Chinese language.

More than 17,000 copies of the booklet, *New Zealand Industry and Agriculture*, will be distributed to key officials and buyers throughout the People's Republic of China.

They will be able to read, in their own language, about the benefits of buying from such diverse organisations as the Wool Board, AHI Roofing International and Pacific Steel.

Illustrated articles in the 24-page, four-colour booklet deal with New Zealand products and processes including carpets, roofing materials, forest products, animal by-products, shipping services and agricultural machinery.

Other articles background the trade in wool, dairy products, geothermal technology and agricultural expertise.

Overseas Trade Minister Brian Talbot has contributed a foreword and other contributions include messages from the president of the New Zealand China Trade Association, C R Howell, and the commercial counsellor at the Chinese Embassy, Ruan Jiayang.

\$200,000 Aussie hard-sell

by Lindsey Dawson

THE Aussies are coming. Their government is spending close to \$200,000 setting up the Australian pavilion at the New Zealand International Trade Fair, opening at Auckland on July 29, in an effort to persuade us to buy Australian goods.

It will be Australia's biggest yet trade promotion in New Zealand.

"We make no bones about it — you are very important to us," said assistant trade commissioner Phil Sibree. New Zealand buys \$850 million worth of Australian goods each year, taking 65 per cent of its manufactured exports.

The International Trade Fair is held every four years, and the Aussies have been prominent exhibitors, as well as holding specialist product fairs from time to time. This year the big effort is going into heavy industrial equipment.

Senior Auckland trade commissioner Ron Hines said Australian participation had been aimed purposely at areas of New Zealand industry where new technology could be most effective.

"We are certainly making no secret that we are out to impress upon New Zealand industry the value of Australian technology which is only a short hop across the Tasman," said Hines.

"Exhibitors have been carefully chosen to represent the areas of manufacturing of most benefit to New Zealand's industrial growth," he said.

At the end of the 1977 fair the Australian camp had made direct sales totalling \$594,000, with a further \$8.8 million worth under negotiation. They aim to do even better this time.

羊毛和羊毛产品的主要供应者



这篇文章是由新西兰羊毛局提供的。它旨在向中华人民共和国的纺织加工部门提供有关新西兰羊毛业的情况。如需进一步了解情况，可致函新西兰羊毛局。地址：New Zealand Wool Board, Private Bag, Wellington, New Zealand.

经洗淨后，它们成为最洁白的羊毛的一种，其光泽度中等，不能有任何杂质纤维。这种羊毛因其加工性能良好，在国际上受到高度重视。

这种羊毛在新西兰羊毛业中占大部分，然而，每年

The publisher is Melbourne-based David Syme and Co Ltd, which publishes the *Age* newspaper and a Chinese language quarterly, *Australian*.

Agriculture, Industry and Technology. The New Zealand version, according to Wellington managing editor John

David Syme and Co was the company involved in helping the official Chinese daily newspaper produce an English edition. The first issue appeared on news stands

throughout China last month. Goldfinch said two key problems were the translation and distribution. He described the translation as "complicated and potentially troublesome unless it achieved great accuracy."

"It was absolutely essential to produce a written script that conformed exactly with the Chinese requirements."

Distribution was worked out with Chinese authorities and the New Zealand Embassy in Beijing (Peking). Recipients of the booklet will include officials, corporations, state agencies, commissions and factories.

China is New Zealand's fastest growing export market, said Goldfinch. Sales quadrupled in the three years to June 1980 to \$117 million and in the latest 12 month period showed a further "substantial" increase, he said.

SPECIAL PRE-PUBLICATION OFFER

The desk-top business partner which never lets you down

The brand-new, completely revised 22nd edition of *The New Zealand Business Who's Who* will be published in June. Order and pay for the latest, soon-to-be-published edition of New Zealand's only one-stop business intelligence service now — and you save \$5.00 and get a free copy of *The Office Book* (a new annual guide to the rapidly changing NZ office scene).

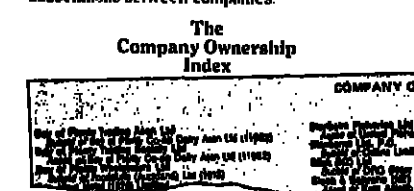
The New Zealand Business Who's Who is an invaluable business partner of the alert (but never sleeping) variety. After 22 editions and 42 years *The New Zealand Business Who's Who* is the most comprehensive business directory in New Zealand and is uniquely valuable as the country's only one-stop business information service.

In the 22nd edition there are over 500 pages of up-to-date detailed information about 10,426 companies and trading organisations operating in New Zealand. There has been a significant revision of 95 per cent of all entries since the last edition. There are 900 new companies listed.

For the 22nd edition of *The New Zealand Business Who's Who* detailed information about 10,426 of New Zealand's leading commercial and industrial companies and organisations was fed into the country's most sophisticated computer file and then channelled into a number of invaluable cross referencing indexes.



This section alphabetically lists all directors of public and private companies appearing in the main section. It is particularly useful for checking multiple interests of individual directors and board table associations between companies.



This Index lists subsidiaries and associated companies and references them back to parent companies in the main section. This Index is invaluable for finding references to other companies which are too small to require a complete listing in the main section but have some importance as subsidiaries or associations of listed companies.

Tax Deductible: The New Zealand Business Who's Who is tax deductible for companies and many individuals can claim \$20.00 per title for work-related publications.

The New Zealand Business Who's Who is the country's oldest established and most up-to-date business directory... and business partner to thousands of NZ business and professional people.

To take advantage of the special pre-publication offer of a \$5.00 discount and free copy of *The Office Book*, mail your cheque with the coupon below without delay. Special Offer Closes May 31.

New Zealand Business Who's Who, P.O. Box 9344, Wellington.

I/We wish to take advantage of the special NZ Business Who's Who pre-publication offer of a \$5.00 discount and free copy of *The Office Book*. I/We enclose \$35.00 (postage free).

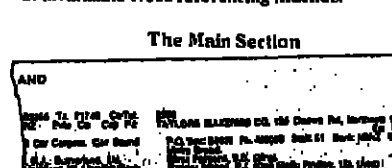
NAME _____

COMPANY NAME _____

ADDRESS _____

SIGNATURE _____

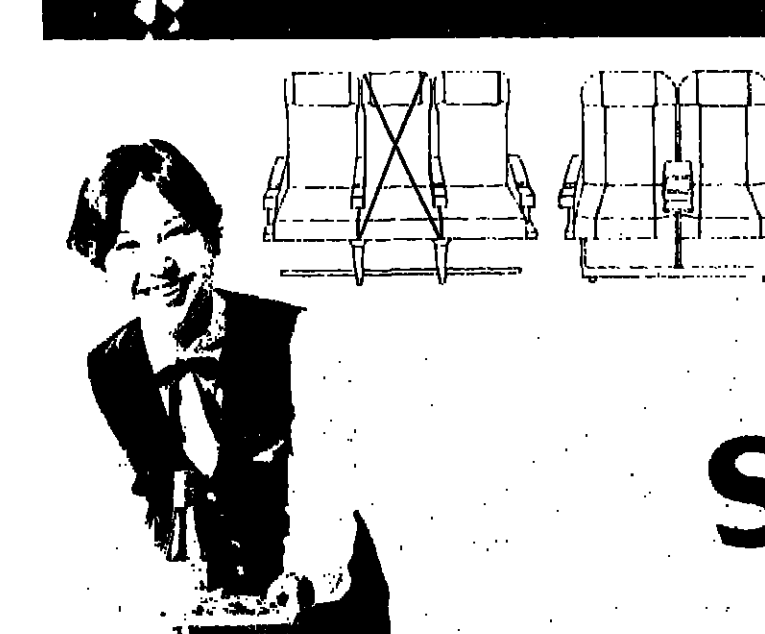
Copies of both books will be supplied immediately following publication.



All listed companies and organisations are set out alphabetically within five main sub-sections — Auckland, Wellington, Christchurch, Dunedin and provincial cities and towns. Each listing is keyed to a number that provides cross-referencing to six other indexes.



This section contains names, addresses and cross-referencing for all companies in the main index — classified by over 800 different trade headings.



For all the times you fly on business. For all the times you've longed for just a little extra room. And prayed that middle seat would stay empty.

We've put the middle seat out of business. For good.

We call this select new section, Clipper® Class.

It gives you more space. More comfort. More convenience.

With the same big, roomy seats reserved for First Class on the next generation of jets.

Now you're never more than one seat away from the aisle. So you've more space to enjoy the premium Pan Am service reserved for Clipper® Class travelers.

On all 747 flights to the USA, Britain and Europe.

Pan Am's Clipper® Class.

By putting the middle seat out of business, we help you get on with yours.

Say hello to Pan Am.

The food we eat, the diseases we catch — statistics

by J V White

WE are what we eat is a catchphrase with an undesirable element of truth, but different people with different diets can end up looking and behaving much the same.

Medical practitioners and health researchers regularly draw comparisons between certain foods and diseases in efforts to link them.

Recently, for example, one researcher claimed that his studies established a connection between the increased incidence of certain diseases and a changing diet which contains insufficient fibre.

The research showed, he said, that we should try to return to eating as much fibre as we did 60 years ago. Only in this century have the various diseases he described — particularly cancer and heart disease — become so common.

First, this takes as read that 60 years or so ago we ate more fibre than we do today. But the only way this can be proven is by comparing what we ate — or rather, what our grandparents ate — in the earlier years of the century with present eating patterns. This is a statistical exercise.

Second, the relationship between dietary changes and other factors, and changes in the incidence of certain diseases, lie in the field of medical research.

Both are fraught with difficulty. Over the past 60 years there would be a close relationship between the development of broadcasting and the incidence of the same diseases.

In more recent times, there seems to be a statistical relationship between increased wearing of jeans and an expansion in the number of illegitimate births.

Statistics of food intake have always been a bugbear to nutritionists and economists alike — particularly with time series going back too far into the past.

In recent times, there have been household surveys in which participants keep consumption records. Whether those who are prepared to go to the trouble of keeping data are typical of the community is a moot point.

But the sample surveys that have been done are of no use in trying to discover what housewives bought for their families 60 years ago. Thus we must depend on national statistics.

The only practicable method is to ascertain national production, subtract exports, add imports (if any) and try to allow for changes in stock. The final figure is national consumption which, divided by mean population, should give per capita consumption.

It is never as simple as that. With some foods there is considerable home production which does not appear in the official statistics.

This was particularly true of the earlier period, when the proportion of population on farms, or in rural areas, was much greater.

The biggest problem with national food consumption statistics, however, is that the figures represent not actual consumption but amounts available for consumption. In these days of what are claimed to be high food prices and almost universal use of refrigerators and deep-freeze units, waste should be reduced.

Nevertheless some households will make much better use of food than others by using scraps and leftovers. This will apply particularly with meat and bread.

Wastage from hotels and restaurants and many institutions is probably high, and even in households the humble but nutritious bread-pudding is probably not often served.

In spite of these caveats, statistics of trends in food consumption are worthy of study — provided that the limitations are recognised.

The data in the table cover main items of interest in the present context. For simplicity, many items have been omitted — including fruit and vegetables, except potatoes.

Where reasonably firm figures are available — for example, bananas, apples and pears and oranges, there is little evidence of any significant changes in per capita consumption over quite long periods.

Two other factors may contribute to changes in diet. One is the increased number of better-quality restaurants offering somewhat different fare, even if steaks are probably still the most popular item. The other is the increasing popularity of health foods and some tendency towards vegetarianism and increased use of cereals, including more exotic varieties, and, of course, increased use of nuts, dried fruits and so on.

It is doubtful, though, whether these as yet affect more than a very small proportion of the population to any significant extent. Probably most people who buy "health" foods do so only to supplement their more traditional diet.

The following comments on individual items in the table may help in interpretation of the figures.

BUTTER: Figures for butter consumption for 1910 could not be assessed. Figures of production, less exports, gave an unrealistically low result. In those days, with a large proportion of the population still in rural areas, home production was high and, of course, much of this was sold in towns and even cities. This would have been true — although to a decreasing extent — right up to the time when butter was subsidised after World War II.

Although illegal, there is little doubt that much home-made butter — particularly from small holdings — was made and sold during the war. Because of the lack of alternatives and high customary usage, butter rationing was felt more strongly than with other types of food.

High consumption in the period up to 1970 reflected both the high level of subsidisation and lack of an alternative table spread.

CHEESE: Consumption remained more or less static until recent years, when a sharp increase resulted from the Dairy Board's promotion campaigns and increases in meat prices. Some fear of the cholesterol in the fat of meat may have been a factor, although most cheeses are made from whole milk and are about one-third fat. Nevertheless, cheese is a good food, easy to prepare and to consume.

MILK: As with butter, there are no statistics for earlier years, but it is likely that consumption has always been high.

For years, all school children were provided with half a pint (about quarter a litre) of free milk, each school day. In 1967 when the first major trimming of subsidies took place, milk was exempted on nutritional grounds.

More recently, subsidies have been reduced and the price rises have affected consumption. But the milk-in-schools scheme was dropped, causing some controversy, and this probably explains the drop in consumption between 1960 and 1970.

BEEF: This includes veal, consumption of which is only 3 or 4kgs. Beef has always been the most popular meat but the 1910 and 1930 figures seem extraordinarily high and are probably suspect, perhaps through use of an excessively high weight per animal factor. Some error seems likely



J V White... food for thought

because the consumption of sheepmeats was also high.

With meat, we again run into the problem of home production. In earlier times this would have been the only source of supply not only on farms, but also in country towns. But in those pre-freezer (and even pre-refrigerator) days, most

animals killed on farms were sheep. This is probably still the case.

MUTTON AND LAMB: The consistency of sheepmeat consumption is remarkable. A full year-by-year study indicates some fluctuation in relation to beef consumption during periods when there were marked price differentials between the two meats. These would not seem to be great enough to have much effect on relative nutritional levels.

But the broad figures on mutton consumption conceal a change of considerable importance. Before World War II the bulk of our mutton consumption was ewe mutton from aged ewes. It was cheaper than wether mutton which was exported. Ewe mutton is much fatter and must have increased the cholesterol intake considerably, compared with the pre-

sent consumption pattern. The change in consumption levels reflected increased influence and the introduction of a grading system to implement price control.

PIGMEAT: Again, there is a consistent pattern which suggests that dietary patterns are rather rigid, true of most countries. The maintenance of bacon and ham consumption is surprising, in the light of the high prices for these products.

POULTRY: Consumption of poultry is an exception to the rigid pattern and reflects the expansion of the broiler industry and the increasing popularity of convenience foods. In some overseas countries, particularly the EEC countries, broiler popularity has tended to level off because of lack of flavour. But here it is substituted for some red meat and because of its lack of

taken over years tell something, but not enough

could be of significance in the cholesterol argument.

EGGS: Again, there are no figures for the earlier years but consumption was almost certainly always high. Eggs did not carry a high subsidy, although there was one on transport. For many years the industry has been highly organised with supply determined to meet demand and any potential surplus disposed of in processed form, generally at a loss, to ensure that the local prices, under price control, are maintained.

It is thus not possible to determine what consumption would be under a free market, but it would not be likely to change much.

The cholesterol scare extends to eggs, and a few years ago the University of Otago medical school was teaching students that three eggs a week

NEW ZEALAND FOOD CONSUMPTION (per capita)					
	1910	1930	1960	1970	1977
Butter Kg.	NA	15.56	19.18	18.18	14
Cheese Kg.	NA	3.59	3.00	4.09	8
Milk (whole litres)	NA	NA	185	142	167
Beef & Veal Kg.	77.95	69.88	49.81	46.81	60
Mutton Kg.	37.22	34.40	37.00	30.90	30
Lamb Kg.	7.40	5.09	6.50	9.55	13
Pork Kg.	NA	5.96	7.36	6.82	13
Bacon & Ham Kg.	NA	6.59	7.73	7.27	10
Poultry Kg.	NA	1.50	1.50	5.91	72
Potatoes Kg.	NA	85.90	82.27	73.63	57
Sugar Kg.	49.04	38.87	42.27	40.90	37
Eggs No.	NA	NA	288	312	270
Beer Litres	42.29	40.36	89.63	116.93	116.7
Spirits Litres	3.35	2.14	1.23	1.82	4.0
Wine Litres	0.67	0.73	1.87	5.46	11.3
Tobacco Kg.	1.22	1.59	2.14	2.5	2.0

NA: Not available. *1979 figures †1978 figures.
Sources: Year Books and Abstract of Statistics.

should be the maximum. In view of the heavy egg consumption in some quarters — for example, on farms — the three-egg theory may be suspect.

FLOUR: Although not a dominant source of food as in developing countries, cereals, mainly wheat, are important in the New Zealand diet (comprising about one-

quarter of calorie intake and one-fifth protein). The comparatively small variation over time again suggests adherence to an established pattern of food

consumption. But it is important to note that the figures represent amounts available for consumption, not consumption itself.

With products such as butter and beer, there will be little or no waste, but this is not true of bread; some households insist a bread being as fresh as possible.

The main interest in cereals, however, centres on the fibre question. Throughout history people have expressed a preference for refined flour, which has been reflected in an ever-lowering extraction rate for flour (the proportion, expressed as a percentage, of wheat which is termed flour; the lower the figure the finer the flour and the more of the wheat going into bran and pollard, used mainly in animal feedstuffs).

Before World War II the extraction rate was 72, which is low. The worst of the wartime food shortages followed immediately after the war because of droughts, and the extraction rate was raised to 80 to make more food available.

When things settled down argument arose between bakers and nutritionists as to how far to lower the extraction rate. Nutritionists were concerned about the vitamin content of the bread, rather than the fibre, and more or less won the day. The extraction rate was set at 74, where it has remained and is quite high, giving us a much greater fibre intake than our grandfathers had.

ALCOHOL: Presumably alcohol does not enter into the fibre argument, or even the cholesterol controversy, although its consumption can add to obesity problems among others.

The figures have been included because of the quite extraordinary increases which are still taking place. It is difficult to believe that these can have had anything other than adverse effects on health, even if a large proportion of intake is centred on a relatively small proportion of the population.

Beer consumption between 1930 and 1979 has trebled from 40 to 118.7 litres. There has, I understand, been some decline in the past year or so, but wine intake, less than a litre in 1930, has gone up to 11.3 litres and is still rising.

Consumption of spirits was high before World War I. This prompted the prohibition movements in a number of countries. Subsequently it fell, but is now above the level of 70 years ago on top of the increases in beer and wine. It seems that the increase in beer consumption took off about the time of World War II, but whether through stress or greater affluence as we came out of the slump it is difficult to say.

Drinking, and generally heavy drinking, seems to have become established as a social more and, unfortunately, during a period when the car population has gone up several-fold.

The relation of drinking to road accidents is well established, but any connection between excessive alcohol intake and disease is a matter for the medical profession. The death rate from cirrhosis of the liver, however, has gone up from between 50 and 70 per million of mean population in

the 1950's to 150 to 190 in recent years.

This article has not been written to cast doubt on any particular nutritional thesis but to provide information in an area where there is much misconception.

The following points seem to emerge:

- As far back as records are available, food intake in New Zealand has been consistently high and has always included a large proportion of animal fats and animal proteins, and sugar.

- Fibre intake from flour has been greater in the second half of the period covered.

- Changes in the dietary pattern have been fairly limited but occasionally reflect substitution because of price variations (for example, types of meat, and margarine for butter).

- The spectacular change has been in alcohol consumption, which has gone up several-fold.

- Because the figures are on a national basis, the diets of particular groups may be different, either in pattern or quantity (for example, rural areas, or pensioners, or those who do heavier types of work).

- Because the figures are of quantities available for consumption rather than amounts actually consumed, some of the changes may be more apparent than real, reflecting less waste. This could be the case with bread, where wastage has been high and meat, which can be better utilised, for example, in the preparation of left-overs. The types of food fed to pets are also significant.

- There is need for much more research into food intake and not only in regard to disease. There is little that can be done about the past, but what is happening now will be the past in 1990.

- While it must be conceded that doctors are in a difficult situation when asked questions about diet, particularly by people who already have diseases such as cancer or heart problems, the profession might be more circumspect in its utterances.

- Considerable harm can be done to any industry when its products are condemned. This may be fully justified where the evidence is incontrovertible, but not where it is still controversial (as, for example, with the cholesterol argument).

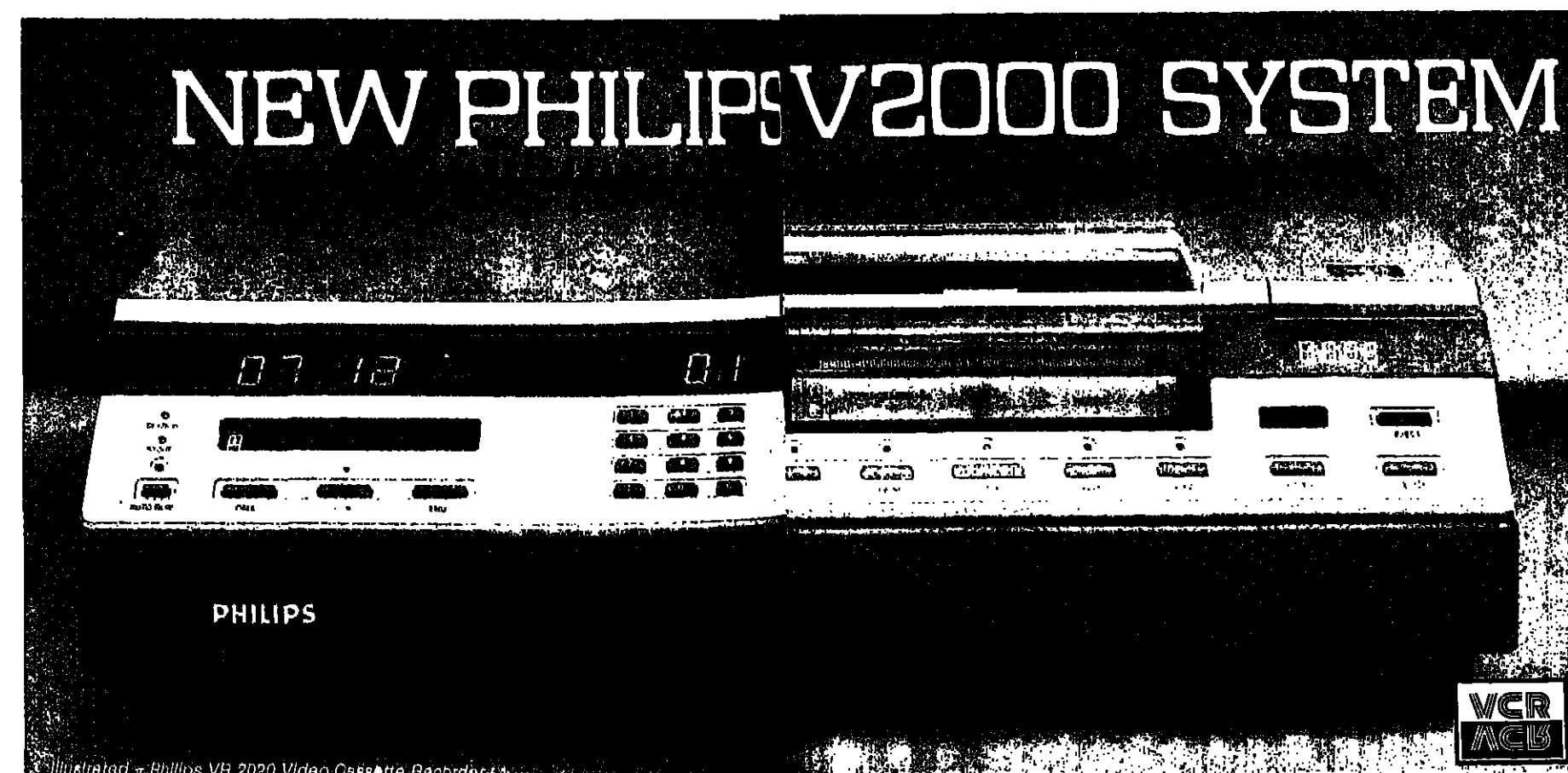
- It is a little ironical that curtailment of dairy output not only reduces production of suspect (perhaps) butter, but also of the milk powders so valuable for the undernourished in developing countries.

- In the course of research for an article on a different theme I have discovered an account of the increasing incidence of cancer in the 1904 Year Book. The writer quotes statistics showing the increase in deaths per 10,000 of population from 3.69 for men and 3.67 for women in 1896, to 7.5 (men) and 6.63 (women) in 1963.

- This is a doubling in 17 years and had that rate of progression continued today's incidence would be about 60; in fact it is about 18 (men) and 15 (women) in 1977 figures. These do, though, show a steady increase over the past decade.



We want you to have the best



The world's most revolutionary video recording system - it doubles the video recording system playing time!

Now the worry of selecting the right home video recorder is over. Philips — the world's recognised leaders in home entertainment technology move further ahead with a unique video recording system.

The Philips Video 2000 System. It can double your home video enjoyment because it actually doubles the playing time and halves the cost of video tapes. It unravels the mystery of video to provide the simplest yet the most advanced home entertainment system.

Philips Video 2000 System allows you to automatically record up to 5 TV programmes over a 16 day period, watch one programme while you record the other channel, record the programme you are watching, watch your own home made movies or pre-recorded programmes.

And of course only Philips Video 2000 System promises world famous 'Philips Natural Colour and Sound Quality'.

And that's because at Philips we want you to have the very best. The unique Philips Video 2000 home entertainment system doubles your enjoyment by doubling the playing time.

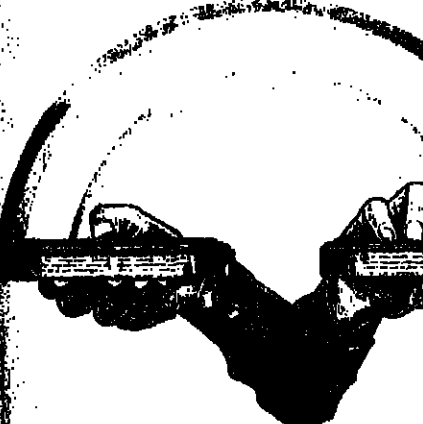


PHILIPS VIDEO 2000 SYSTEM - It starts where the rest leave off.

UNIQUE FLIP-OVER CASSETTE: Up to 8 hours playing time. This is an exclusive Philips invention — the flip-over video cassette. Using the compact audio cassette format, Philips, this new video cassette uses only half the tape width per side so you have twice the playing time at the cost, with absolutely no loss of quality. There's a range of Philips cassettes, 2 x 1 hours, 2 x 2 hours, 2 x 3 hours and 2 x 4 hours. No system can match the dollar saving value of Philips video tapes: the Philips 8 hour cassette costs only 10p per hour of recording.

The result — less expensive, less storage space, less inconvenience. Moreover, it is the only cassette with a built-in dust and fingerprint protection shutter and with a unique system to prevent accidental erasure of recordings you want to keep.

Your Video 2000 System will give you other big advantages. **UNIQUE PICTURE QUALITY:** The Philips Video 2000 System uses Dynamic Track Following. This is an electronic tracking



which accurately controls the positioning of the recording/playback heads on the tape, to ensure a constant and natural picture, even when tapes are exchanged between machines using this new Philips system.

UNIQUE SOUND QUALITY: Sound quality is dependent on tape speed, for which an acceptable minimum is

approximately 2cm/sec. The Video 2000 System has a linear tape speed of 2.44cm/sec, ensuring that frequency response is of a very high quality. Dynamic Noise Suppression (DNS) operates during both recording and playback modes giving the best sound quality of any home video recording system.

UNIQUE GO-TO: Finds what you want, when you want it. No more searching back and forth for the start of a particular recording "somewhere on the tape". Just use the GO-TO button and the System 2000 will find the exact point you require.

SIMPLE TO USE: Thanks to this Philips micro-processor control. Using your 2000 System video recorder is simple and straightforward. When you have to carry out such operations as entering automatic starting times, day, channel, and finishing times of the programmes you want recorded in your absence, the

micro-processor takes you through each of the operations step by step and confirms that you have made the instructions which you had intended. See for yourself how simple, versatile and naturally superior a Philips Video 2000 System really is. Visit a Philips retailer. Because where home entertainment is concerned you really do deserve the best!



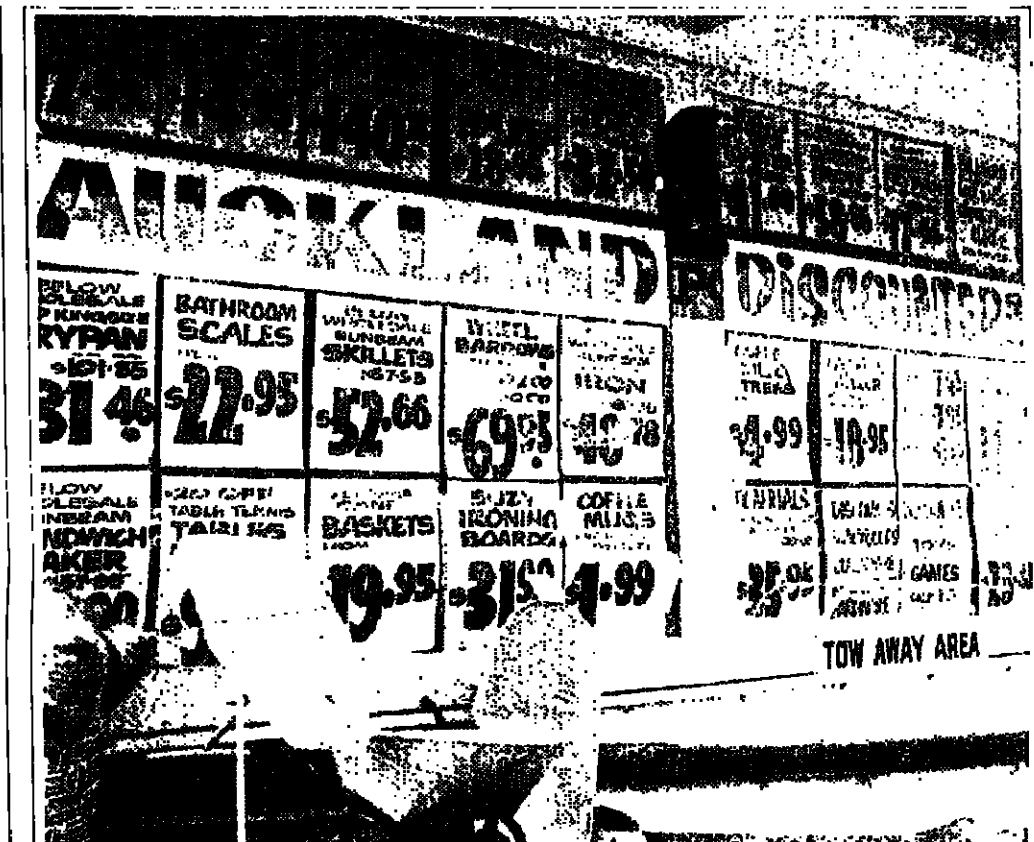
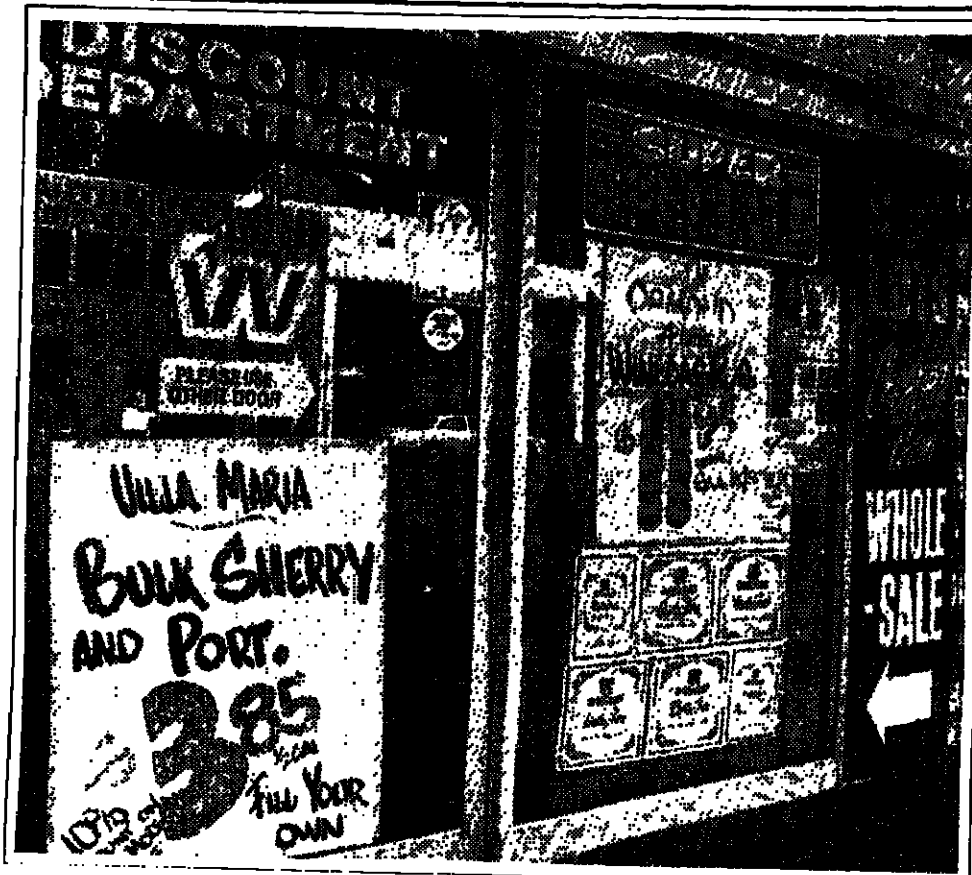
Philips NEW Colour HORIZON

July 20, 1981

July 20, 1981

National Business Review

Page 27



Is your brand's image in someone else's hands?

When a brand is vulnerable to price cutting, its image is in danger.

In danger of losing consumer loyalty beyond its next 'special offer'?

And worse still, as every package goods manufacturer knows, there's very little he can do about it.

For the heavy discounting necessary just to 'sell in' these days, seriously depletes the coffers that were previously used to maintain a brand's image and presence in the media.

Which makes the expense of television, though desirable as a

mass dual audience medium, extremely difficult to rationalise.

Clients and Agencies are forced to decide between 'bursting' expenditure to gain impact, or 'dripping' to maintain a permanent presence.

Neither is satisfactory.

But the Reader's Digest has a constructive answer to the dilemma.

Used as a back-up medium to television, a year's campaign of colour pages will give that national permanence to a mass dual audience for around \$19,920.

In an environment that allows our 880,000* monthly readers to absorb your advertising and respect your brand.

And, just as important, puts the presentation of its image firmly back in your control.

Reader's
Digest

*McNair

1980

Third world parallels

I HAVE recently returned to New Zealand after working for over a year in a country (Mozambique) that everyone would consider a part of the so-called third world. Suffering from the advantages of this comparative experience I keep noting a striking similarity between the behaviour of our Government and the governments of other third world countries.

New Zealand, as a small country dependent on primary production is, economically, a part of the third world, in spite of our cultural affinity and historical links to the industrialised western countries. As much by good fortune as good management we have obtained a high per capita income, allowing us to buy the accoutrements of the industrialised world. In recent times, however, our attempts to cope with the harsh realities of the world around us and adjust to our geographical position and economic structure have emphasised the nature of our economic relationships.

It is in the way we attempt to overcome our balance of payments problems that our position as a third world country is most obvious. International financial institutions maintain New Zealand, as they do other third world countries, in an economically dependent and subservient position, through the conditions they put on their loans.

The classical "stabilisation programme", required by the IMF before credit is provided to cover balance of payments deficits, is directed at starving the local economy of capital and opening up the recipient country to multinational corporations. The tightening of the money supply reduces the amount of credit available for capital investment in the private sector, and the elimination of government budget deficits reduces capital spending in the public sector. At the same time the lifting of import controls and the emphasis on an export drive to overcome the balance of payments deficits keeps the country's economy as an integral part of the international trading network.

It is the multinational corporations that can take real advantage from this trade, and offer the external capital inflows now needed for further economic growth. They will, obviously, only be willing to undertake certain types of investment, preferring the large-scale operations only they can undertake, and hence they look to capital-intensive projects operated by a small skilled workforce easily controlled by management.

The host country then becomes hooked on these corporations, dependent on the capital inflows of their investments and the foreign exchange earnings of their projects. The corporations make the profit — soon taking out more capital than they brought in — while the local economy, always vulnerable to the ups and downs of the international

economy, struggles to provide the necessary services and public facilities at subsidised prices.

We join the queue of countries competing for the highly mobile international capital. Insisting on subsidised services and tax concessions, and eased in by local conglomerates who do the necessary spade work for a share of the action, these corporations call the tune without paying the piper.

New Zealand's competitive advantages arise from an excellent growing climate and a relatively highly skilled workforce. We cannot compete with the industrialised world in high technology heavy industries, or with the populous third world countries in the mass production of consumer goods. Instead we must specialise in what we can do well, and develop the skills to process our produce through to the final consumer product, marketing it ourselves. If we have the courage of our convictions, we can stand on our feet, and make our contribution to the world while earning a living.

Gary Williams
Napier

Bill Birch and oil imports

CONTRARY to what Nigel Isaacs wrote (NBR, June 22), I am worried about New Zealand's oil imports. Further,

what is being done to reduce them is consistent and cost-effective. Some examples, I am sure, will explain this:

- Refinery production of all grades of fuel oils will be about 300,000 tonnes less in 1981 than in 1975. This has been coped with at the refinery by using much less Middle East crude and more Indonesian condensate. At present prices this is saving New Zealand \$75 million a year on our oil import bill.

- Physical exports of fuel oil over the last four years have been small and averaged 34,000 tonnes — just over 1 per cent of refinery runs — and New Zealand has covered marginal costs; perhaps Mr Isaacs has been confused by Department of Statistics reporting on some international marine bunkers as exports.

- The expected continuing decline in the fuel oil market has been planned for as chronicled on Page 36 of the 1980 Energy Plan. The present refinery is coping by crude switching (as mentioned above) and the refinery expansion is designed to meet the 1987 demand slate — with full cognisance of the changing demand pattern.

- The prospects of an imbalance between gasoline, diesel and jet fuel are comprehensively covered on pp 32 and 33 of the 1980 Energy Plan. There is a risk of additional gasoline substitutes precipitating a shortage of jet fuel or diesel. This is well recognised and efforts are concentrated on avoiding such an

occurrence. Nevertheless the cost penalty of product surpluses or deficits, while preferably avoided, is by no means untenable.

- All of the available sources — CNG, LPG, synthetic gasoline, R and D, coal, natural gas, condensate, conservation, McKee, refinery expansion, etc — are contributing to a soundly based flexible but balanced expanded refinery position with oil imports falling as low as 3.0m tonnes in the late 1980s, compared with 4.0m tonnes in 1980 and 4.5m tonnes in 1974.

The Marsden A power station tanks contain fuel oil for operating that station, not diesel, as Nigel Isaacs claims.

The uncommissioned Marsden B station tanks contain a national strategic petroleum reserve of 23 days cover for diesel use. Marsden B was the unfortunate brainchild of the 1973/75 Labour Government.

There is no secrecy in the Energy Plan of the whys and wherefores. I will support every economically practicable substitution for an oil load — no matter at what part of the barrel — recognising that other substitutions, conservation, crude switches, refinery flexibility and, as a last best alternative, refined product imports or exports will enable real benefits to be accrued.

I am proud of the \$75 million savings New Zealand has obtained from fuel oil substitutions whereas Mr Isaacs's article is regrettably science fiction.

W F Birch
Minister of Energy

Not really gold coin

ON June 15, 1981 you published an article captioned: "Charles and Di keeping the shop tills tinkling" (NBR, June 15), outlining some of the products available on the New Zealand market in commemoration of the forthcoming royal wedding and, although I am grateful for the editorial in respect of my company, I am rather concerned that information relating to one of the items I am offering — namely the crystal coin gobbler — is rather misleading.

The article states: "Crystal Coin Goblets featuring a gold coin tinkling inside a hollow bubble in the stem for \$95 each".

In fact, the coin inside the bubble of the stem is not gold. Because gold melts at a temperature lower than that which the crystal is blown, a special alloy has had to be used in the production of the coin. This coin is nevertheless minted by the Birmingham Mint.

In view of the above, I am sure you can appreciate that I might find myself in a rather "awkward" situation if anyone, after reading your article, purchases a crystal coin gobbler and discovers that the coin is not fact "gold".

Peter P Ryan
Chairman
Archive College of New Zealand

Fish farming

Salmon farmers yet to can the rewards of their toil

SALMON farmers are wondering what they are doing wrong. After pouring money into the ocean for five years they have yet to start canning the rewards.

The theory was simple. Salmon returning up the rivers of the South Island's east coast would be caught and their eggs stripped and hatched in protective ponds.

Millions of young smolts would be released into the rivers for a two, three or four-year stay at sea. Then lured by the homing instinct, the adult salmon would return to spawn, climbing fish ladders almost literally onto the processing table.

Cleaned and packaged they would be airfreighted to hotels, restaurants and gourmet food stores around the world.

It hasn't happened. Returns have been small and the run this year was the most discouraging of all.

ICI-Wattie, which has released a million smolts over five years, failed to get one back to their hatcheries on the Waitaki and the Clutha this season.

Another pioneer rancher, Clive Barker, at Takaka in Tasman Bay, has also failed to lure the luxury fish back to home base.

Returns to the Ministry of Agriculture and Fisheries hatchery at Silverstream on the Waimakariri were also down, while those on the best salmon

river, the Rakaia, were about average.

South Pacific Salmon Farmers, on the opposite bank to the ministry's hatchery at Glen Arrife, did get 60 fish back, but not all its own releases.

Lane Walker Rudkin's joint venture on the previously untamed West Coast did better. From its first small release of yearling fish on the Kaniere seven returned.

Now the five salmon ranchers are taking stock, re-evaluating research programmes for what might be up to another 10 years experimentation before salmon become a viable commercial enterprise.

Lane Walker is encouraged by its initial success and now intends to make further releases from the Kaniere and its other joint venture on the Horomutu.

Glen Arrife's experience indicates yearling releases are the most likely to return. From a batch of 7500, let go in September 1979, 2 per cent have returned over the past two seasons.

And this year 25 per cent of the run entering the stream at Glen Arrife were returning fish, a factor which the ranchers consider highly significant.

While the experimentation has progressed, despite the disappointments, the ranchers have made significant advances since forming an association in

January 1980 which all but ICI-Wattie joined.

By negotiation the association, with Sir Malcolm Burns as an independent chairman, has overcome strong opposition to ranching from the acclimatisation societies, achieving a three-way agreement involving the Government.

That agreement emphasises the right of the sporting fisherman to cast his line first when the salmon run begins, while setting out a Government policy on ocean-ranching, an agreement for the collection and equal distribution of stock and a long-term research programme at the Glen Arrife hatchery.

For ICI-Wattie the argument for or against the association may be academic. After five years work and \$500,000 outlaid, the project will be reviewed as the two companies' boards intended. With little success to give encouragement one option seriously being considered is to end the experiment.

Wattie Industries biologist Terry Beckett, who has been closely associated with the project throughout, said it was no surprise that the venture had been unable to establish a salmon run.

Ranchers in Oregon, where the salmon was in its natural habitat, were still having problems, he said.

"It was unrealistic to expect it to work immediately."

From about 1 million releases in total through its hatcheries on the Waitaki and Clutha, the venture has had few returns throughout the five years.

"There is a lot of disappointment — but that does not mean that ranching will not work in New Zealand or that it will," Beckett said.

If ICI-Wattie perseveres — and that decision is unlikely to be known before late August — development work will be stepped up, involving more expenditure in expanding one if not both hatcheries.

Even so it may take another five years or more before the partners know whether there might be a commercial return from their investment which, by then, would be well in excess of \$1 million.

Effectively the hatcheries on the Waitaki and Clutha have been through two salmon life cycles without being able to establish a reliable run.

From research in the United States the ranchers know they need to strip eggs from returning female fish bred at their own hatcheries to breed the particular river identifying factor into the salmon's homing instinct.

This year each rancher will get an equal share of eggs from the Government hatcheries at Silverstream, which, with the ranchers' own collection of stock, may give up to half a million releases each.

Lane Walker will be rearing



its young fish up to 90 grammes before release under a programme developed by former Ministry of Agriculture and Fisheries salmon fishery officers John Wisker and Jim Galloway.

Both have been involved in developing salmon runs for more than 15 years at Glen Arrife. Galloway is now Lane Walker's salmon operations manager and Wisker is fisheries officer.

Wisker, who is also secretary of the Salmon Ranchers Association, was unhappy with the progress being made at Glen Arrife. "With private enterprise backing we hope to accelerate that development," he said.

Wisker said the initial results on the West Coast were promising. Previously there had been no salmon there at all, and now after what in international terms is a tiny release, they had proved the fish would return. Past coast rivers had severe

disadvantages, he said. Nearly all were the target of hydro-planners past or future, while farmers tapped the waters for irrigation and the cities and towns poured pollution in.

The sportsman's fish was at risk from the same factors, he said. Natural salmon runs on most of recognised salmon rivers were this year the poorest for some time.

Reasons for the poor season vary. Rumours abound of a black market in "silver mackerel" caught by fishing boats in the Canterbury Bight. But no-one NBR spoke to had been able to buy a salmon as conclusive evidence of the trade.

That may change. It is understood the Ministry of Agriculture and Fisheries is proposing an amendment to existing regulations to allow the landing of salmon caught at sea for research purposes.

Other reports suggest an absence of two-year-old fish in this year's

have been several clipped fish caught without the important identifying tag implanted in the head.

Wisker uses an American term "We may be looking through the wrong biological window," he said.

To the layman that means the wrong approach, though Lane Walker is already convinced that his approach warrants further investigation and development.

There are Gins, and there's Tanqueray

Special Dry



Nuclear insurance exclusions trouble Australians in

THERE are fears that Australia may have experienced its first serious nuclear accident when a truck carrying lethal radioactive material overturned in a small town in New South Wales last year.

A Government inquiry into the incident has yet to release its findings. The mishap nonetheless focuses attention on a matter that concerns the Australian community — the nuclear exclusion clauses in property and liability insurance.

Australia's nuclear industry remains under exclusive Government control, and any liability regarding accidents from nuclear weapons material, fuel or waste is the sole responsibility of the Federal Government.

Nuclear exclusion clauses are included in policies by underwriters in Australia to define contractually this Government responsibility. But such exclusion clauses seem to have engendered a certain resentment among some Australian policy-holders.

Narrow as these clauses are, do they reflect the Australian insurance industry's attitude to nuclear energy, and do they necessarily represent its assessment of the extent of risk from nuclear activities?

The Insurance Council of Australia (ICA) says it simply means the insurers have not been asked to accept this risk, in respect to nuclear weapons material, fuel and waste. If the

Federal Government were to allow the commercial use of nuclear reactors then the insurance industry would consider the formation of an insurance pool against the liability risks arising from an accident in a nuclear power station.

The trend may be in that direction for recently the Uranium Enrichment Group of Australia recommended that a multi-million dollar feasibility study be conducted into the possibility of establishing a

uranium enrichment plant. The group comprises a number of prominent mining companies, and suggested that private enterprise put up the money for the project.

Given the influence and political clout of the companies involved it seems likely enough that the operation of nuclear reactors by private enterprise may yet confront the Australian insurance industry.

The ICA points out that nuclear risks associated with

normal commercial operations, such as the use of radioactive isotopes, may form a normal part of insurance cover.

Damage caused by radioactive contamination, for example, may be covered when it arises from a peril insured under a fire policy.

Liability is also available when radioactive isotopes are used commercially, and there is the risk of human carelessness, or a simple accident which could lead to damage or injury

wake of first 'mishap' in NSW township

to others or their property.

On the evidence available, there does not appear to have been any cover issued on the radioactive material involved in the New South Wales accident, but the incident exemplifies an aspect of nuclear risk with which the Australian insurance industry may well have to concern itself more in the future — that is the risks, not so much from nuclear reactors themselves, but rather those hitherto unrecognised risks that

are emerging from the less esoteric areas of transport and mining.

The truck in the NSW accident was also transporting two tonnes of Chinese food, which is alleged by the media to have been subsequently distributed among restaurants in a metropolitan area.

There are also fears that the radioactive wastes spilt at the site of the mishap will find their way into groundwater reserves feeding artesian bores

that water the region's market gardens.

A similar fear recently led to demonstrations in Adelaide against the *in situ* method of uranium mining proposed for certain South Australian deposits. In this technique the uranium ore is dissolved *in situ* by a solution pumped down into the ore body, and then pumped to the surface.

In Wyoming, this solution broke out of the strata contain-

ing the ore body and leaked into the Wyoming river, and informed scientific critics in Australia have warned that artesian groundwaters of great agricultural value could be polluted in the same way.

While the nuclear industry as such is under government control, the proliferation of this type of applied technology is not, and the question remains whether its continued growth will stimulate the emergence of

underwriters specialising in assessing its attendant risks, or whether the Australian insurance industry will lose potential business by sheltering behind the restrictive nuclear exclusion clauses.

Australian banks' NZ growth slows

AUSTRALIAN trading banks' business growth in New Zealand has fallen behind the

rate of increase in other overseas countries, even though this country is their se-

cond largest sphere of operation.

The total assets of overseas branches, agencies and subsidiaries of the Australian major trading banks nearly trebled between June 1975 and June 1980, to more than \$A8000 million. This compares with an increase of about 85 per cent over this period in their domestic balance sheet assets.

The assets of these overseas offices, which comprised about 15 per cent of the global assets of the major trading banks in June 1975, had risen to about 21 per cent in June 1980.

More than half the overseas assets are in Britain, with \$A1161 million in 1980, compared with \$A1152 million in 1975.

New Zealand is the next most important overseas area with the banks' assets totalling \$A1059 million in 1980 against \$A979 million in 1975.

The other major overseas areas are the United States,

France and Germany. The growth of restrictions on the export of foreign funds by Australian banks had been contained, mainly by cutting back on the sale of foreign currency to overseas branches, which had been a major source of funds for the banks.

But the enactment of the (US) International Banking Act 1978 has resulted in some of them upgrading the New York agencies to Federal branches. Consequently while Australia's major trading banks record no assets in the United States in June 1975, by June 1978 their United States assets reached \$A450 million, and had increased further by June 1980 to \$A1025 million.

In terms of assets, New Zealand represents the second largest segment of the Australian trading banks' overseas operations. But growth rates of New Zealand business in the past few years have fallen well behind those in some other areas.

Australian trading banks had no assets in Hong Kong and Singapore in June 1978. By June 1980 Hong Kong and Singapore accounted for \$A374 million assets abroad.

Australian banks first established offices in Hong Kong in 1974, but have been precluded from establishing branches because of Hong Kong's reciprocity requirements. But during the past two years four of them have established wholly-owned deposit-taking subsidiaries, which are licensed under the (Hong Kong) Deposit-Taking Companies Ordinances.

Another has established a partly-owned deposit-taking company in a joint venture with a Japanese bank.

The first representative offices of Australian banks in Singapore were opened in 1971.

In the past two years, two banks have obtained banking licences, enabling them to convert their offices into branches.

The banks' assets in Singapore and Hong Kong just exceeded their \$A320 million assets in Papua New Guinea.

Media in firing line

ARSONISTS, it is claimed, have no greater champion in Australia than the media. Television and newspapers tell Australians often enough that arson is a difficult crime to prove; that police are almost impotent when confronted with it; that millions of dollars are reaped each year by fraud arsonists, and then for good measure demonstrate some of the methods used to set fires.

Addressing the South Australian Committee on Arson, Walter Spratt, of Royal Insurance Australia, said there was little doubt the media had sensationalised the crime of arson and led to its growth.

He reminded his audience that one instance of fraud arson had claimed the life of a fireman in Adelaide. In view of the danger to firemen, it was irresponsible for one major Australian TV current affairs programme to have shown the use of a candle as a timing device for setting a fire.

It was equally irresponsible for a leading metropolitan newspaper to have advised its readers:

● If you intend to use a "torch", a cheap one (\$A500-\$A1000) only buys trouble. A good professional "torch" will cost more initially, but the guarantee of a good job will save you money and perhaps "time" later.

● After the arson don't worry needlessly about getting caught; the police don't investigate all suspicious fires, and even when they do attend they're usually hopeless.

● Before having your fire increase the insurance cover significantly. The insurance company won't ask any questions.

Spratt said that in the same article a fire brigade officer had offered advice for landlords who wish to increase their rental returns. He said: "... The owner of a building that is old and only returns low rentals will light a series of small fires, or even one big fire, to drive the tenants out. Then, with the money from the insurance claims he will refurbish the house and charge higher rents."

Spratt claimed that, in effect, the fire brigade officer then nominated the area of Sydney where property owners might profitably entertain such a proposition, by saying: "This may become a significant happening in the inner-city areas of Sydney, particularly as properties become more valuable."

Spratt said some arson squads were months behind in their investigations, and remarked that they had probably fallen even further behind after such media treatment of arson.



Honda Accord.

Honda Accord offers no compromise.

In design flair. In precision engineering.

In exacting standards of assembly.

And in remarkable refinements that advance the revolutionary development of an already exceptional car.

Refinements such as the unique overdrive facility on the Hondamatic. This remarkable refinement gives the benefits of even more fuel economy, greater power response.

Or certain other refinements where the distinctions may be subtle, but highly significant for the owner who accepts no compromise.

Tinted glass for example, to shield your eyes from the glare.

Larger wrap-around rubber bumpers and mouldings to protect the coachwork.

Wider tyres for greater safety margins on the road.

All you've heard is true. You can afford no compromise.

See your nearest Honda Centre.

All you've heard is true.

SPECIFICATIONS

Technical
High-torque 1602cc overhead camshaft engine
5-speed transmission Hondamatic with 'overdrive'
Independent Macpherson strut suspension
Rack and pinion steering
Equipment
Luchometer
Quartz digital clock
Safety indicator panel for doors open - brake light failure
Interior hatch release
Interior boot release
Rich Tudor beige velour seating and cut-pile carpets
Adjustable velour covered head restraints
Child-proof door locks
Rear wash wiper
Coin tray
Front seat-back magazine racks
Rear centre armrest
Fully trimmed boot
Heater ducts to rear compartments
Rear parcel tray

Exterior
Wide section body mouldings
Tinted glass
Pillar-mounted retracting aerial
Locking fuel cap
Wheel trim rings
Mudflaps
Driver's exterior mirror
†3 Door only *4 Door only

HONDA
ACCORD
Hondamatic or 5 speed manual

New Zealand Motor Corporation Limited LMD
Available from dealers and branches nationwide.

MC44H, Mackay King

Manufacturing

Depressed workshops unable to cope with projects

by Allan Parker

FEARS that a depressed heavy engineering industry would be unable to respond fully to the opportunities of the major projects programme are showing signs of being realised.

Engineering workshops have faced a continuing downturn in business in recent years as the economic recession has continued.

Hopes that the "Think Big" projects would revitalise the industry have depended on the final decisions to go-ahead with the multi-billion dollar programme and consequent contracts.

In recent months, the industry has been warning government that unless work is forthcoming rapidly, many firms will be forced out of business. Some have already gone to the wall because work has been unavailable.

And while some work is now beginning to emerge from the Tiwai Point aluminium pitline and the refinery expansion at Marsden Point, other projects have yet to receive the company and Government green light.

NBR last week learnt of one contract put out to tender — not for a major project — that elicited only one response from a local company. Pacific Steel was in the market for equipment for its car-shredding plant and believed four or five New Zealand companies would respond to the tender call.

"We were very surprised when we only got one," admits Pacific Steel managing director Jim Dale. "We certainly expected more."

Dale and other industry sources suggest New Zealand companies are unable to tender for the contract because the

continuing recession has led to:

- A reduction in staff and management levels;
- Consequent incapacity to gear up rapidly enough for the job;
- A reduced ability to raise finance; and,
- Fears of industrial problems.

Said one source: "From talking with a number of companies, it is obvious that many would sooner maintain a lower level of activity and an acceptable profitability rather than run the risks of scaling up their operations."

That attitude bodes ill for a full New Zealand participation in the big project programme; if companies are reluctant to expand if and when the projects get under way, more work will go to overseas companies with the facilities available.

Added our source: "And, of course, the more the project



Workshops... feeling the pinch

decisions are deferred the worse the problem becomes.

"The sliding of the projects means opportunities to space the work out over the entire project programme are disappearing."

"So what was going to be a capacity problem anyway now

becomes three times worse."

The situation has become so bad within the industry that suppliers are forming "committees of assistance" to help financially-desperate engineering workshops stay in business.

These have been formed before, but the need to reform them on the eve of what is touted as a major revival for the industry is particularly worrying. In one instance, an engineering workshop employed over 40 skilled staff.

It managed to keep all employed but ran up debts of \$300,000 to materials suppliers and a similar amount to other creditors.

To save the company, the suppliers banded together to help the company trade its way out of business.

Fifteen staff were made redundant, but the company has survived and has to date

paid off 45 per cent of its debts. The option was complete closure, with the loss of all jobs. And, as one committee member commented: "Who would want to buy an engineering workshop with its facilities when there's no work around, anyway?"

Further evidence of the difficulties being faced by workshops emerges from the latest Labour Department figures.

The combined effect of a downturn in trade generally and continuing losses of skilled workers is adding to the pressure.

For example, new engineering group apprenticeships (boilermaking, engineering, heating and ventilation, industrial instrumentation, moulding, refrigeration, sheetmetal working) dropped by 69 (8.7 per cent) in the 12 months to January 1981.

The number of vacancies for fitter-turners increased by 103 per cent in just six months between February and August last year (the latest available figures from the department). There were 147 jobs for unavailable fitter-turners at that time and another 103 vacant positions for fitter-welders.

• Total new private sector apprenticeships in 1980 were 11 per cent lower than 1978. Last year, 7019 new contracts were signed compared with 7931 four years before.

Some legal opinions about The Capital Letter...

"...I always seem to be congratulating you on the quality of the publication... It truly is indispensable."

Assistant Professor, Faculty of Law
University of Western Ontario

"May I compliment you on a fine publication, it says it all in a few pages, which normally takes hours of frustrating research."

Auckland solicitor

"I would like to tell you how much we appreciate The Capital Letter. Indeed we cannot imagine how we practiced without it."

Large Auckland law practice

"Reading the editorial comment in The Capital Letter is increasingly one of the highlights of the working week. Your delightful blend of fact and cynicism is always informative and stimulating. One hopes that the Prime Minister's department subscribes!"

Dunedin solicitor

"I appreciate your concise presentation of current events, legislation and public affairs."

Director, national organisation

"Your Capital Letter is indeed a splendid achievement. Official, legal division, Commonwealth Secretariat, London"

"...the publication... consistently achieves the printing of quick, brief decisions on important Court matters: this compared with other legal publications which give a more detailed narrative, frequently with a long commentary by an alleged expert, but available many weeks after the decisions."

Gisborne law practice

The Capital Letter is widely respected for its unfailing ability to be completely up-to-date with court decisions, statutory regulations, new legislation, and decisions emanating from Parliament, Cabinet, the Judiciary and a range of quasi-judicial tribunals.

To subscribe to The Capital Letter, or to request a free, complimentary copy of the publication, simply fill in the Fourth Estate Subscription Service Coupon elsewhere in this issue.

THE
CAPITAL
LETTER

Books

by Gordon McLauchlan

JESUS Christ, Superstar, didn't get history's leading role, according to American author Michael Hart.

Top billing went to Mohammad, with Isaac Newton in the main supporting role.

Hart is a mathematician, astronomer and chessmaster who has written *The Hundred* (Vantage House; \$26.95), setting out in order the 100 persons who, among the billions of people in history, have most influenced its course.

Mohammad gets the leading part as No. 1 because, according to Hart, "he was the only man in history who was

Move over, Jesus . . . Mohammad's 'numero uno'

tween those two figures."

You may want to argue about that. And that's the beauty of this book — it's full of fruitful material for argument.

Abraham Lincoln is left out on the basis that slavery would have been ended without him, and John F. Kennedy is included in the list because he gave the go-ahead to the space race.

If you think of the basic philosophical influence of Lincoln on Americans and of Americans on the world since the Civil War, and the influence over less than five years of John F. Kennedy, then . . .

Christopher Columbus and Albert Einstein.

"The bald list itself is interesting enough but the real fun comes in reading Hart's rationale. It becomes clear early that he is a scientist rather than an artist and the over influences more noticed than perhaps those that are

submerged and have flowed on from a man's influence in his time.

Not that it matters. It's just a lot of fun.

The price is relatively low for a big hardback and the prose is simple and straightforward. I would think inquisitive youngsters could enjoy learning from it and maybe join in the arguments that will abound among the adults.

Corbans Premium seal...



a reflection of your good taste.

Corbans Premium Seal is much more than mere decoration.

It is your assurance that every bottle has been vinted from grapes alone, thereby meeting the highest winemaking standards

set down under statute in 1980.*

The significance of Corbans Premium Seal is obvious to your palate. Clean, crisp and fruity whites. Soft and mellow reds. Premium wines in every respect.

* H.M. Government regulations April 1980/73.

Corbans Premium seal - the envy of other winemakers.

CP5218 © Copyright 1981 Corbans Wines Limited

When people talk franchising I.F. listens.

If you have a product, business or service that you believe can be franchised, International Franchising would like to hear from you.

We consider ourselves the world's top franchising professionals and believe that our track record can back up this claim.

We have been involved with the development of many of Australia's and New Zealand's major franchise programmes. Some of our greatest franchising successes have come from companies or individuals who weren't even sure if they had something to franchise.

Our initial meetings are on a no obligation, no cost basis. When you do come to see us we think you'll be impressed by our client list.

To organise an appointment call:
Gavin Hodder, General Manager



INTERNATIONAL FRANCHISING
Quay Tower, Downtown, Auckland.
Telephone (09) 792-269, P.O. Box 518.

WOULD YOU BOOK A FIVE-STAR GENERAL INTO A TWO-STAR HOTEL?



SOUTH PACIFIC HOTELS NETWORK

★★★★★
We've earned our stars

WHANGAREI
The Settlers

AUCKLAND
The Man Desir, The Pocomo,
The South Pacific

GISBORNE
The Sandown

TAUPO
The Suncoast

KAWTRAU
Bulls Motor Inn

PALMERSTON NORTH
The Awapuni

NEW PLYMOUTH
The Westown

WELLINGTON
The St George, The Waterloo

CHRISTCHURCH
The Rossley

INSTANT®

Book, travel, car hire, insurance, and more, for New Zealand, Australia, and the Pacific, from Auckland, Wellington, Sydney, Christchurch, and more.

LD99

Tax-wage trade-off — the strategy floated at Orewa

THE idea of trading a tax cut off against wage increases was spelled out for the public by Prime Minister Rob Muldoon in his annual Orewa address. It had been suggested two years ago by the International Monetary Fund as a way of reducing inflation and has been used in countries which can afford it.

When the wages policy talks resumed this year FOL president Jim Knox referred to the Orewa statement and said the proposal could not make progress until it was discussed with the parties rather than the media.

He said he was under pressure from unions which were then starting to draft their claims and wanted to know if the FOL was making a tax deal with the Government.

FOL secretary Ken Douglas cautioned on February 2 that a

tax wage trade-off should not divert the talks from the real issues of developing long-term wage fixing reform.

Treasury officials at that meeting said the Government had no specific proposals but to get off the inflationary round about it would bear the initial cost of breaking the spiral.

Position papers were prepared and the Combined State Unions were included in the discussions which became known as the wage tax trade-off talks. Despite cautions from the parties that a trade-off should not distract them, talks on long-term wage fixing problems never resumed.

The Employers Federation paper spelt out its support and endorsement for a reduction in inflation and stimulation of employment and a tax wage trade-off, if it could achieve these objectives.

THERE was no tax cut in the Budget because, Prime Minister Rob Muldoon said, the FOL "refused to agree in principle to a proposal which offers real opportunity to assist the moderation already evident in our rate of inflation".

The FOL had argued that an 8 per cent tax cut was needed to compensate for fiscal drag (the effect of inflation on taxes) before a tax wage trade-off was made. And, the FOL said the size of the Budget deficit was too large, at \$2100 million, to allow a tax cut.

Officials argued that the effects of fiscal drag were fully compensated for in the February tax cut and that Budget expenditure for a trade-off had been allowed for but was used elsewhere when the talks fell apart.

Employers argue that the FOL did not have a clear mandate from its members to accept a trade-off and that they did not want

A tax reduction would only be credible they said if it was substantial. "Whatever tax reductions are made, their effect must be clearly recognisable by wage and salary earners in their take-home pay packet."

For a trade-off to be realised

this year the employers argued for a suspension of free bargaining and use of the Arbitration Court to determine the wage round, having regard for the trade-off.

To be effective the employers initially floated a figure of a 25 per cent cut and said there

would have to be an agreed understanding of the value of a tax reduction. They argued that a decision would have to be made well in advance of the wage round and would need to involve a solution to fiscal drag. Employers said the move was a risk and would impact the Budget deficit to the tune of \$825-\$950 million.

The FOL was more cautious in its support. "Workers generally feel that the burden of tax is too high and therefore there should be a tax cut without any wage offset." It said it would not accept a unilateral tax cut. It saw a time limitation on working up a practical tax cut package and acknowledged the Budget constraints on the size of a tax cut.

The FOL said it was prepared to be "reasonably flexible" on the question, but if it caused a cut back in Government goods and services it would not be supported. It was also concerned that if an income tax cut was made Government might then impose indirect taxes and the net benefit to workers would be eliminated.

The FOL conference two months later did not support a trade-off "if" it would mean reduction of public service

employment. The other parties were quick to say the FOL was "in direct opposition to the interests of the people," they were "astonished and disturbed" and reacted in a state of "complete disbelief" to what they interpreted as a rejection of the trade-off.

The Government initially saw the trade-off as a means to break the "wage-price linkage, without reducing real disposable incomes. This is because the Government's Budget bears the cost in the short term."

The Government then was cautious of union reaction: "It is critical to the achievement... that the wage side of any bargain be delivered... there is a major risk because the tax system is more centralised and easily controllable... the wage response to a tax cut might not be forthcoming."

The position papers were presented on February 27. Muldoon said that while it was possible to discuss the Budget in a general way it would be difficult to bargain or discuss the size of a tax cut.

Muldoon said the effect of a massive tax cut could be to reduce employment in the Government services, but

62 cents buys you National Business Review

(or one cup of coffee and a very small sandwich)

The National Business Review subscription costs just 62 cents a week... a very small price to pay for often invaluable news, analysis and comment on the fast-changing New Zealand scene, delivered on Mondays 48 weeks of the year. National Business Review keeps close tabs on the fast-changing New Zealand political, economic and business landscape and an equally close watch on the information requirements of its readers.

News-stand price for National Business Review (\$38.40) and companion publication NBR Outlook (the twice-yearly special devoted to detailed analysis of important national issues) is \$43.40. Subscribe now for just \$30.00 — and save 30 per cent.

National Business Review / NBR Outlook cover price \$43.40... subscription price \$30.00.

To take advantage of the NBR subscription offer, simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.

that has taken six months to sink without trace

could be accommodated principally through an increase in the Government deficit where there was "room to move".

If the principle of a trade-off was acceptable to the forthcoming FOL conference a tax cut could be announced in the Budget, Muldoon said.

With at least the general feeling that the matter should be considered, the working parties got under way. With the object to identify the sort of tax cut that would give the same change in disposable income as a wage increase three forms were identified: a flat rebate, a proportional rebate and a personal exemption.

Tables were worked out for the three options for tax cuts from 1 to 10 per cent. The FOL had a preference for a flat rebate which would give an equal cash effect virtually across the board.

The employers preferred a proportional rebate which effectively provides a uniform reduction and would give the highest cash increase in disposable incomes to the highest paid.

It would, therefore, not result in a compression of margins.

The trade-off appeared to be technically possible and the view of the parties was that the initiative now rested with the Government. On May 19 the parties came together.

Muldoon said the FOL conference remit obviously did not put an end to discussions because here they all were. Knox said no figures had yet been put before the FOL and Muldoon replied that he could not tell them what was in the Budget because the final estimates were not clear but he wanted agreement in principle.

CSU President David Thorpe said a tax cut of 8 per cent was needed to remove the effect of inflation on the tax scale before a trade-off could be effected. Muldoon said if that view was taken there would be no tax cut.

Muldoon said he would undertake to make any tax cut as large as possible and that he never had it in mind to reduce Government services to pay for a tax cut. There could be no tax cut if there was no trade-off, said Muldoon.

Knox said that any tax cut could have no effect on the round at this late stage. Douglas said the FOL wanted a proposal and in a letter, put several questions to the Prime Minister.

Muldoon confirmed in his reply that a tax wage trade-off would not reduce social services and that the form of the cut "might be a flat dollar amount reduction in tax paid per week in return for reduction in wage settlements equivalent in after-tax terms."

Muldoon said the off-set would be calculated at the middle income, and be applied across the board; at income levels after the 5 per cent general increase but before the round; would operate from October 1; would cover all awards and agreements in the coming round and, a bench mark, or reference point from which to calculate a wage off-set would be central to the concept.

Muldoon said in that letter that a wage tax trade-off is a pre-requisite for major tax reform. And "it would be a pity if all the work that has gone into this issue were to be wasted."

Those points were discussed



Douglas and Muldoon face to face, Knox in attendance... before the stand-off, of course.

at the last meeting on June 3. After apparent satisfaction greeted his answers Muldoon asked whether the principle

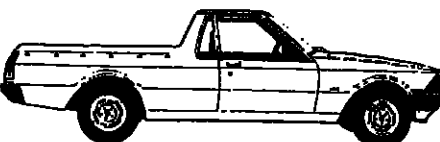
could be agreed to. The FOL and CSU representatives said they were prepared to talk about it provided an 8

per cent cut to eliminate fiscal drag was made. And they said they could not agree to the principle without

the size of the tax cut being known. Muldoon asked Douglas if he was serious and if that was their

final position. Muldoon said he was not prepared to "horse trade" his Budget and the current stand-off was reached.

FALCON UTE



NEW ELECTRONIC IGNITION

You can count on this new standard feature to give you a more reliable start every time, and maintain engine tune over long periods. The spark plug is close to the centre of the cylinder for more efficient fuel ignition.

NEW ALLOY HEAD FALCON — MORE VIRILITY THAN EVER!

In the interests of fuel economy we have made some positive engine improvements. But the innate power and character of Falcon remains. The sleek lines. The spacious glass area. The heavy duty steel floor. Limited slip diff. Quartz halogen headlamps. The list goes on.

One test run at your Ford Dealer and you'll get the message loud and clear. Drive even further ahead with the new Alloy Head Falcon.



One that moves you like a full-blooded "6", with the fuel intake of a "4". While others guzzle, Falcon just sips! **NEW ALLOY HEAD ECONOMY AND PERFORMANCE.**

The driveability and responsiveness of Falcon's engine is better than ever. A substantial torque increase in the low engine rpm range means low speed city/suburban touring fuel economy is improved by up to 8%. You can expect fuel consumption at around 9.4l/100km (30mpg).

Moving business your way!

FORD COMMERCIALS

Ford Motor Company of New Zealand Limited Specifications and prices subject to change without notice.



SMALL COPIER, BIG OFFER.



Right now, you can save literally hundreds of dollars on the Xerox 2300 Copier. You can save even more, if you have a trade-in copier. Find out how just by ringing Rank Xerox.

You can't go wrong!

Ring the Rank Xerox Hotline operators now, and save hundreds of dollars by ordering your Xerox 2300 today. It's the desk top copier that gives you crisp, clear copies everytime,

or ask about the other models in the extensive range of Rank Xerox Copiers.

It will cost nothing to find out how many hundreds of dollars you can save . . . and best of all, you're saving on a Xerox product.

RANK XEROX®
Setting the standards.

FOR BIG OFFERS ON SMALL COPIERS RING NOW.

Auckland 794 986 Wellington 842 209 Christchurch 796 860 Dunedin 771 336

Whangarei 89 800 Hamilton 80 579 Rotorua 86 110

New Plymouth 88 179 Napier 58 710 Palmerston North 67 086

Nelson 83 767 Invercargill 88 119

* XEROX and RANK XEROX are registered trademarks of Rank Xerox (N.Z.) Limited.

Wine

Vineyard survey points up wine dilution

From Page 1

In a talk recently to Gisborne grapegrowers, a top Montana executive said that it would be impossible for our wine industry to sell overseas without the Government's tax incentive scheme and that the company was looking at areas of diversification because it was becoming increasingly difficult to maintain a growth pattern from year to year.

There are now 3719 hectares planted in white vinifera (classical European grapes), but many believe that the proportion planted in Muller-Thurgau (Riesling/Sylvaner) — 1818 hectares — is far too high for the good of the industry.

The planting of such quantities of this grape has been actively encouraged by the Germans.

We are the only country outside Germany which grows this crossbred in quantity. It now represents 30 per cent of the German crop and is the mainstay of that great export phenomenon, the Liebfraumilch, Moselblumchen and so on, which — by clever marketing — represent more than 50 per cent of German exports.

But German exports are based on the reputation won by the great Riesling wines of Mosel and Rheingau, which were the only wines Germany exported for centuries.

New Zealand must first earn a reputation for quality wines before it can base an export industry on what is no more than a pleasant quaffing wine without finesse or subtlety.

But the practise suits our winemakers — they can make a

dry Muller Thurgau, a sweet Muller Thurgau, a concentrated freeze dried grape juice Muller Thurgau, suitable for unsophisticated palates, although all lack the hallmark of great wine.

It is encouraging to see the increase in Chardonnay (175 hectares), Rhine Riesling (81 hectares) and Gewurztraminer (481 hectares).

In the red vinifera, Cabernet Sauvignon is the premier grape and now small quantities of Merlot and Cabernet Franc have been planted, hopefully for blending into Cabernet Sauvignon to soften its austerity, as do the Bordeaux winemakers.

On the debit side, 14 new hectares of the Lubrusca Albany Surprise were planted last year and, in spite of pious protestations to the contrary, a greater proportion of the crop (317 tonnes) was used for winemaking in 1980, than was sold for dessert, or turning into grape juice.

The total area under grapes has increased from 2351 hectares in 1975 to 4785. The first modern survey carried out in 1960 recorded only 388 hectares.

Grape growers have increased in number from 161 in 1960 to 567 in 1980.

Poverty Bay has become the leading grape growing area with 1570 hectares. Hawkes Bay is next (1490 hectares) then Marlborough (700), Auckland (600), and Waikato (325).

White grape varieties predominate, accounting for more than 80 per cent of total plantings.

In view of the incidence of

phylloxera it is disturbing to find that 3940 hectares were planted on their own roots with the balance 720 hectares planted on the rootstock 1202 which has lost favour overseas.

Phylloxera is a vine louse that attacks the roots, decreasing yield and quality. There is no known cure. This plague on vintners cost the French more than they paid out in reparations for the Franco-Prussian war.

The only prevention is to graft vines on to American disease-resistant root stock.

It is anticipated here that, in time, practically all vines planted on their own roots will have to be replaced to contain the disease.

To get a line on what really

fine wine can be produced in New Zealand, one must visit (by invitation only) the DSIR Wine Research Centre at Te Kauwhata.

There, Dr Eschenbruch and his colleagues are producing — only in experimental batches — auslese wines as good as any to be found in Germany.

To make good wines, one must start with good grapes with maximum sugar content.

Many winemakers denigrate the New Zealand climate, saying it is essential to add cane sugar to get sufficient alcohol in the wine. But the research station this year has harvested grapes with a Brix content up to 29.5, which is as high a sugar content as one can get in California, Australia or France.

The wines I sampled were a selection of auslese wines from the 1980 and 1981 vintage and made from Riesling/Sylvaner and Riesling grapes with some made from experimental vines obtained from Geisenheim in Germany, such as Gutenborner, Reichensteiner, GM4/46 and Ehrenfeiser.

The last named grapes have the advantage that they mature earlier than the current Riesling/Sylvaner or Muller-Thurgau and Riesling grapes, but to my mind they do not possess the fragrance of, certainly not the genuine Riesling, but also of the Riesling/Sylvaner.

The best wine was a genuine Riesling 1980 Auslese which came in at 23.5 Brix or sugar

content and was slowly fermented for about three months.

It has a true German character with a honeyed scent, fragrant on the palate and without the slight bitterness one finds on the aftertaste in the best of the Riesling/Sylvaners.

Though it was not expressed, I sensed a feeling of disappointment that not enough winemakers were coming to the station with either their problems or with a desire to learn from the experiments how better wine could be achieved.

But possessing the knowhow to make 46,647,000 litres of wine from 35,058 tonnes of grapes, who wants to learn how to make better wine?

Wine companies still erring on content

by Klaus Sorensen

WINE companies continue to break the Health Department regulations on wine content.

The new regulations, which principally restricted the addition of tap water and sugar to wines, and set a 95 per cent minimum for grape juice content in premium wines, and 80 per cent for table wines, came into force last year amid considerable ructions in the wine industry.

The department has issued non-compliance orders to a number of wine companies — and "putting the hose in" as it is known in the industry, is understood to be one of the practices objected to.

Health Department assistant director public health division (food standards) Jim Fraser told NBR he could not say much about the non-compliance orders because they were "sub judice".

The department had asked the companies involved to write back and explain why they had not complied with the requirements. Fraser said if the department felt the explanation was unsatisfactory a prosecution could follow.

Mostly the orders related to such things as excess sulphur dioxide, sugar, or too much alcohol content.

He said the orders were issued in the last few weeks, after the department's most re-

cent survey on all the wine brands.

But because the orders are issued through the 18 district offices he couldn't say exactly what they related to. There were "around a dozen" issued and at least one was a relatively serious one relating to excess preservatives.

Fraser wasn't sure how many of the infringements related to "tap water" but "I should imagine there would be several for insufficient grape juice," he said.

This is the department's way of describing excess water content.

Some wine industry sources made a claim — quickly denied — last week that the industry

maverick, Penfolds wines — run by former Momania boss Frank Yucich — had been issued with a non-compliance order for using tap water.

The rumour came almost on the eve of Penfolds public flotation, and seems to have been inspired by a jealousy at Penfolds' considerable marketing success in recent years.

Fraser said he couldn't reveal the names of the companies involved because of the possibility of legal action, but Yucich told NBR the suggestion was "completely untrue", pointing out that his company had in the past been one of the strongest advocates of increased minimum grape juice content regulations.

DIAL YOURSELF A CONVENTION.



If you've got a convention or conference on your hands, then hand it to one of our Flag Inns Convention Co-ordinators.

They'll arrange the accommodation, the catering, cine, sound and audio visual equipment. In fact everything you need to run a successful convention or conference.

There are Flag Inns with superb conference facilities in every major city and provincial area.

Each offering an extensive range of accommodation, all with private bathrooms, telephone, television, radio, and off street parking!

Just pick up the phone today and let a Flag Convention Co-ordinator take the hassles off your hands.

All you'll have to do is enjoy the conference. Simply phone Auckland 799-444, Wellington 726-964, or Christchurch 63-371.

For a free copy of the "Flag Inns Convention Guide", send this coupon to The Convention Co-ordinator, Flag Inns, P.O. Box 3634, Auckland 1.

Name: _____

Address: _____

FLAG

INNS

**PEOPLE
RATHER STAY AT FLAG**

Tax-wage trade-off — the strategy floated at Orewa

THE idea of trading a tax cut off against wage increases was spelled out for the public by Prime Minister Rob Muldoon in his annual Orewa address. It had been suggested two years ago by the International Monetary Fund as a way of reducing inflation and has been used in countries which can afford it.

When the wages policy talks resumed this year FOL president Jim Knox referred to the Orewa statement and said the proposal could not make progress until it was discussed with the parties rather than the media.

He said he was under pressure from unions which were then starting to draft their claims and wanted to know if the FOL was making a tax deal with the Government.

FOL secretary Ken Douglas cautioned on February 2 that a

tax wage trade-off should not divert the talks from the real issues of developing long-term wage fixing reform.

Treasury officials at the meeting said the Government had no specific proposals but to get off the inflationary roundabout it would bear the initial cost of breaking the spiral.

Position papers were prepared and the Combined State Unions were included in the discussions which became known as the wage tax trade-off talks. Despite cautions from the parties that a trade-off should not distract them, talks on long-term wage fixing problems never resumed.

The Employers Federation paper spelt out its support and endorsement for a reduction in inflation and stimulation of employment and a tax wage trade-off, if it could achieve these objectives.

THERE was no tax cut in the Budget because, Prime Minister Rob Muldoon said, the FOL "refused to agree in principle to a proposal which offers real opportunity to assist the moderation already evident in our rate of inflation".

The FOL had argued that an 8 per cent tax cut was needed to compensate for fiscal drag (the effect of inflation on taxes) before a tax wage trade-off was made. And, the FOL said the size of the Budget deficit was too large, at \$2100 million, to allow a tax cut.

Officials argued that the effects of fiscal drag were fully compensated for in the February tax cut and that Budget expenditure for a trade-off had been allowed for but was used elsewhere when the talks fell apart.

Employers argue that the FOL did not have a clear mandate from its members to accept a trade-off and that they did not want

A tax reduction would only be credible they said if it was substantial. "Whatever tax reductions are made, their effect must be clearly recognisable by wage and salary earners in their take-home pay packet."

For a trade-off to be realised

this year the employers argued for a suspension of free bargaining and use of the Arbitration Court to determine the wage round, having regard for the trade-off.

To be effective the employers initially floated a figure of a 25 per cent cut and said there

would have to be an agreed understanding of the value of a tax reduction. They argued that a decision would have to be made well in advance of the wage round and would need to involve a solution to fiscal drag. Employers said the move was a risk and would impact the Budget deficit to the tune of \$825-\$950 million.

The FOL was more cautious in its support. "Workers generally feel that the burden of tax is too high and therefore there should be a tax cut without any wage offset." It said it would not accept a unilateral tax cut. It saw a time limitation on working up a practical tax cut package and acknowledged the Budget constraints on the size of a tax cut.

The FOL said it was prepared to be "reasonably flexible" on the question, but if it caused a cut back in Government funds and services it would not be supported. It was also concerned that if an income tax cut was made Government might then impose indirect taxes and the net benefit to workers would be eliminated.

The FOL conference two months later did not support a trade-off "if" it would mean reduction of public service

employment. The other parties were quick to say the FOL was "in direct opposition to the interests of the people," they were "astonished and disturbed" and reacted in a state of "complete disbelief" to what they interpreted as a rejection of the trade-off.

The Government initially saw the trade-off as a means to break the "wage-price linkage" without reducing real disposable incomes. This is because the Government's Budget bears the cost in the short term.

The Government then saw cautions of union reaction. It is critical to the achievement of that the wage side of any bargain be delivered... there is a major risk because the tax system is more centralised and easily controllable... the wage response to a tax cut might not be forthcoming.

The position papers were presented on February 27. Muldoon said that while it was possible to discuss the Budget in a general way it would be difficult to bargain or discuss the size of a tax cut.

Muldoon said the effect of a massive tax cut could be to reduce employment in the Government services, but

62 cents buys you National Business Review

(or one cup of coffee and a very small sandwich)

The National Business Review subscription costs just 62 cents a week... a very small price to pay for often invaluable news, analysis and comment on the fast-changing New Zealand scene, delivered on Mondays 48 weeks of the year. National Business Review keeps close tabs on the fast-changing New Zealand political, economic and business landscape and an equally close watch on the information requirements of its readers.

News-stand price for National Business Review (\$38.40) and companion publication NBR Outlook (the twice-yearly special devoted to detailed analysis of important national issues) is \$10.00. Subscribe now for just \$30.00 + postage.

National Business Review / NBR Outlook cover price \$43.40... subscription price \$30.00.

To take advantage of the NBR subscription offer, simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.

that has taken six months to sink without trace

could be accommodated principally through an increase in the Government deficit where there was "room to move".

If the principle of a trade-off was acceptable to the forthcoming FOL conference a tax cut could be announced in the Budget, Muldoon said.

With at least the general feeling that the matter should be considered, the working parties got under way. With the object to identify the sort of tax cut that would give the same change in disposable income as a wage increase three forms were identified: a flat rebate, a proportional rebate and a personal exemption.

Tables were worked out for the three options for tax cuts from 1 to 10 per cent. The FOL had a preference for a flat rebate which would give an equal cash effect virtually across the board.

The employers preferred a proportional rebate which effectively provides a uniform reduction and would give the highest cash increase in disposable incomes to the highest paid.

It would, therefore, not result in a compression of margins. The trade-off appeared to be technically possible and the view of the parties was that the initiative now rested with the Government. On May 19 the parties came together.

Muldoon said the FOL conference remit obviously did not put an end to discussions because here they all were. Knox said no figures had yet been put before the FOL and Muldoon replied that he could not tell them what was in the Budget because the final estimates were not clear but he wanted agreement in principle.

CSU President David Thorpe said a tax cut of 8 per cent was needed to remove the effect of inflation on the tax scale before a trade-off could be effected. Muldoon said if that view was taken there would be no tax cut.

Muldoon said he would undertake to make any tax cut as large as possible and that he never had it in mind to reduce Government services to pay for a tax cut. There could be no tax cut if there was no trade-off, said Muldoon.

Knox said that any tax cut could have no effect on the round at this late stage. Douglas said the FOL wanted a proposal and in a letter, put several questions to the Prime Minister.

Muldoon confirmed in his reply that a tax wage trade-off would not reduce social services and that the form of the cut "might be a flat dollar amount reduction in tax paid per week in return for reduction in wage settlements equivalent in after-tax terms."

Muldoon said the off-set would be calculated at the middle income, and be applied across the board; at income levels after the 5 per cent general increase but before the round; would operate from October 1; would cover all awards and agreements in the coming round and, a bench mark, or reference point from which to calculate a wage off-set would be central to the concept.

Muldoon said in that letter that a wage tax trade-off is a pre-requisite for major tax reform. And "it would be a pity if all the work that has gone into this issue were to be wasted."

Those points were discussed



Douglas and Muldoon face to face, Knox in attendance... before the stand-off, of course.

at the last meeting on June 3. After apparent satisfaction greeted his answers Muldoon asked whether the principle

could be agreed to.

The FOL and CSU representatives said they were prepared to talk about it provided an 8

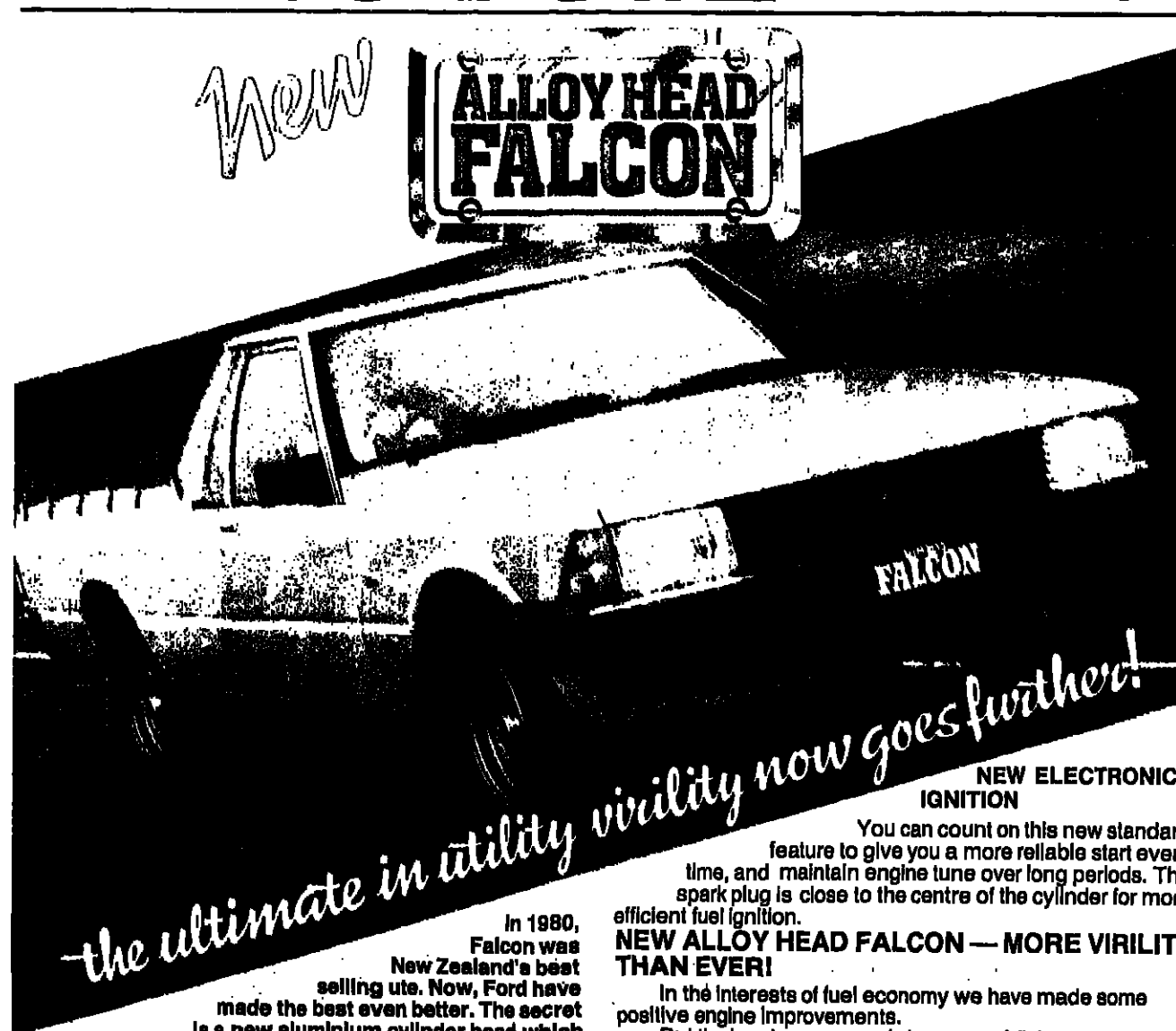
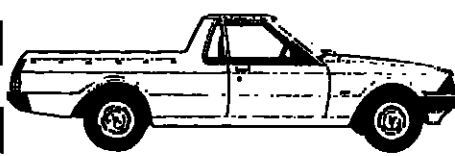
per cent cut to eliminate fiscal drag was made. And they said they could not agree to the principle without

the size of the tax cut being known.

Muldoon asked Douglas if he was serious and if that was their

final position. Muldoon said he was not prepared to "horse trade" his Budget and the current stand-off was reached.

FALCON UTE



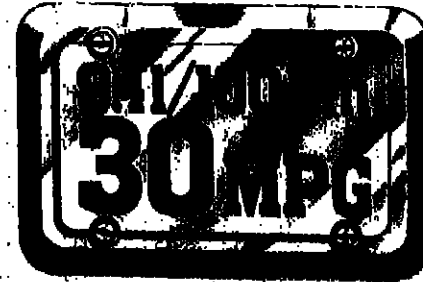
NEW ELECTRONIC IGNITION

You can count on this new standard feature to give you a more reliable start every time, and maintain engine tune over long periods. The spark plug is close to the centre of the cylinder for more efficient fuel ignition.

NEW ALLOY HEAD FALCON — MORE VIRILITY THAN EVER!

In the interests of fuel economy we have made some positive engine improvements. But the innate power and character of Falcon remains. The sleek lines. The spacious glass area. The heavy duty steel floor. Limited slip diff. Quartz halogen headlights. The list goes on.

One test run at your Ford Dealer and you'll get the message loud and clear. Drive even further ahead with the new Alloy Head Falcon.



One that moves you like a full-blooded "8", with the fuel intake of a "4". While others guzzle, Falcon just sips!

NEW ALLOY HEAD ECONOMY AND PERFORMANCE.

The driveability and responsiveness of Falcon's engine is better than ever. A substantial torque increase in the low engine rpm range means low speed city/suburban touring fuel economy is improved by up to 8%. You can expect fuel consumption at around 9.4l/100km (30mpg).

Moving business your way!

FORD COMMERCIALS

Ford Motor Company of New Zealand Limited. Specifications and prices subject to change without notice.

Environment

Lead-free petrol option may be lost to NZ

by Ann Taylor

IN the open climes and relatively unpopulated cities of this country lead emissions from car exhausts are not considered a problem by the general public. But overseas the toxic substance which accumulates in the body and can harm the brain is being increasingly regulated against.

The production of synthetic fuels gives this country the opportunity to produce lead-free gasoline. But if one of the options being considered by the Mobil consortium is taken up that chance will be lost.

Lead alkyls are added to petrol to increase the octane rating (known as the Octane Research Number, RON) to make it suitable for high compression ratio cars. Premium grade petrol used here is currently RON 96.

It is also used as an engine lubricant. About .15 grams of lead is added to reduce erosion between valves and valve seats in the engine.

To satisfy these two requirements it is current practice here to add .84 g/l of lead to premium petrol — one of the highest levels in the world.

Alternatives to petrol now being marketed — CNG and LPG — do not contain lead additives. Synthetic fuel from the proposed Mobil plant "meets the requirements for unleaded premium gasoline," according to a paper presented by Mobil researchers to an American Petroleum Refiners Association meeting last year.

Synthetic fuel has a high octane rating and, at most, would only require .15 g/l of lead to be added for lubrication.

In its application for the National Development Act the Mobil consortium put up "the worst possible alternative" — leading facilities at the Taranaki plant.

The lead would have to be landed at New Plymouth and transported through the city to the plant. But an option which is still being calculated is to transport the synthetic fuel from the Taranaki plant and blend it at Marsden Point with petrol refined from the imported crude.

That would boost the average octane rating and reduce the average leading requirements at the refinery. The option was not made available for the Commission for the Environment's audit of the project, which makes a plea for "the Government to adopt a programme to eliminate lead additives from petrol and require that all synthetic petrol be produced lead-free."

The commission argues that when full production of synthetic petrol is programmed to start in 1986 a proportion of cars on the market will be able to run on petrol with RON 92, unleaded.

"Other vehicles capable of using RON 92, but requiring lead for engine lubrication, could use unleaded petrol for most of their running but fill their tanks every fourth time with leaded petrol."

The Japanese cars pouring on to the local market actually require a lower octane rating and are produced in a country which introduced unleaded petrol in 1975, has a limit of 0.31 g/l in leaded petrol, and sells about 95 per cent unleaded petrol on its own market.

The Government here has undertaken, though made no commitment, to reduce the lead level at the refinery stage to .45

g/l when the Marsden Point refinery expansion is completed in 1984.

The politics of the situation are fairly poisonous. "What would people, being poisoned at level of .45 g/l feel about those getting away with synthetic fuel at .15 g/l. It would surely be better to take it all to the refinery, blend it with the imports, and poison everybody at .45," NBR was told.

Andre Milkop, director of the Ministry of Energy's oil market directorate, told a seminar on lead-free petrol two weeks ago that eliminating lead would cost \$60 million a year.

The Commission for the Environment does acknowledge that "the overall efficiency of refining and utilisation is lower if the high-octane petrol is lead-free."

The commission argues that alternative octane boosters can be made from natural gas. Petrocorp's proposal for a comprehensive petrochemical development included a plant for the production of one of the boosters but "it has not been seriously considered" because of "cost and limited availability."

Milkop said alternatives to lead tend to be more expensive but are available via additives, blending agents, refinery processing, unleaded fuels, synthetic gasoline and alcohols.

"The alcohol fuels ethanol and methanol can be blended with petrol in quantities up to 20 per cent to extend available supplies of petrol and to increase the octane number... Some studies indicate that there are energy consumption gains in alcohol blends with low-leaded petrol," he said before spelling out the problems.

Alcohol blends can corrode, cause vapour lock problems and tend to separate if water gets in the fuel tank.

At the heart of the issue is the relationship between airborne lead and public health. No substantial research has been done here but in April Health Minister George Gair stated that health considerations did not warrant a substantial reduction or elimination of lead from our premium fuel "at this time."

But overseas research clearly spells out the dangers, particularly to the health of city children of the neurotoxin which can seriously impair, permanently, the nervous system.

Among the effects of high lead content in blood are hyperactivity, delayed speech and illness in children. Anaemia, cramping abdominal pain, vomiting and loss of appetite are among the early symptoms in adults. With severe exposure intractable seizures may be followed by coma and possibly death. Long-term damage can include mental retardation and cerebral palsy.

Auckland lawyer David Williams, who has recently published a book on environment and the law, was a member of the motor vehicle committee of the Clean Air Council which, in 1974, made a cautious recommendation that the lead level be reduced to .45 by January 1981, or when the refinery was finished, whichever was the sooner.

He criticised the committee's report on the grounds that "neither the oil industry nor the committee have been able to point to evidence which

demonstrates that there is no harm done."

"On the other hand, there is a growing body of medical opinion which views airborne lead as an undesirable pollutant and, accordingly, it is possible to argue with considerable strength that the suspected harmful pollutant should be substantially reduced in the near future and eliminated as soon as practicable alternatives are found."

That was in 1974. Overseas lead levels, which only a government can regulate, are: Japan .06, West Germany .15, California .26, Britain .40, New Zealand, in company with South Africa, is among the decreasing number of countries with lead levels at .84.

The Australians have decided to introduce lead-free petrol throughout the country by

1985. A national policy is being developed for a progressive reduction of the lead content used during the period before 1986.

New South Wales acted unilaterally last year. All retail petrol outlets in the state have to sell lead-free petrol by 1984.

Professor Lloyd Smith, of the analytical chemistry department at the University of New South Wales, has been in New Zealand for the last two weeks. He has said that the Government here should use his studies and commission a report on the effects of leaded petrol.

New Zealand could be running on non-leaded fuels within five years of the completion of the studies, he said. "The \$2.5 million the Government plans to spend on the Springbok tour could be spent on assessing the problem. But if people want

sport as a religion rather than the protection of their children then it's up to them," he said.

What one British study *Lead or Health* has described as "a casual crime committed in the blinkered pursuit of business profits, cynically concealed and perpetuated by political influence" is conducted here by vested interests.

More than 1700 tonnes of lead are imported each year from the British company, Associated Octel Co Ltd. The oil companies that operate here are the principal shareholders in the New Zealand Refining Co, which operates the Marsden Point refinery.

Seven of the company's directors, including the chairman, are also on the boards of the oil companies. The parent companies of local oil interests, including Mobil, run Associated Octel Co Ltd.



Wolf in sheep's clothing

The computer isn't always what it seems. It can appear mild, ready to do your bidding... a perfect lamb. But give it a new task... and watch that wolf emerge. A wolf with a voracious appetite for programming time and money.

Not any more. The wolf has been tamed. Now there's a system that will write your programs for you. It's called LINC. Unbelievable? Read on.

"It has saved us years in development time." That's a comment from Ted Cavanagh, General Manager of the Southland Building and Investment Society, a pioneer LINC user.

From another user, John Denton, Corporate Manager for Business Systems Ceramco: "The LINC system has a definite management bias, short circuiting the need for traditional data processing skills."

LINC puts control back in the boardroom. Before all that sounds too impossible we'd better explain.



In the past, programmers have spent months and years interpreting needs, translating jobs into language the computer can understand. There was no other way.

The programming took time, lots of time. And large amounts of money. And it took a brave man to suggest any program change.

LINC does away with all that. You tell it your needs, in simple language. It does the translation. That feature alone means dramatic time and cost savings. But there's even more to LINC.

LINC makes changes easily. And quickly, because LINC knows where to find things in the computer system. After all, it put them there.

LINC is a new development. Its full name, by the way, is "Logic and Information Network Compiler." It's the one that tames the computer wolf. Finally.

For details, write on your letterhead to: Brian Clark, Burroughs Limited, P.O. Box 3240, Wellington

Burroughs

Comparing the Philips P5002 with other word processors...



Comparing the Philips P5002 with other word processors would save you a lot of trouble.

For a start, which processor to buy would be easy. And if it wasn't the Philips P5002, we'd be very surprised.

But we're biased. You're not. Even so, we ask you to make a detailed feature-by-feature comparison of the P5002 and any other word processor.

Unfortunately, advertising regulations prevent us from making such a comparison here. But please call your nearest Philips office, or fill in the coupon.

We believe our word processor is so good you'll end up as biased as we are.

Post this coupon for further information on the P5002 Word Processor or the Philips range to: Philips Electrical Industries, DATA SYSTEMS, P.O. Box 41021, Mt Albert, Auckland.

DATA SYSTEMS, P.O. Box 2097, Wellington.

Name _____

Address _____

Telephone _____

or simply telephone Philips Data Systems, Auckland 884 180 or Wellington 859 859 to arrange for a consultation.

PHILIPS

LINTAS PE 1318 NBR/A

Self-interest and motivation in the public sector

SELF-INTEREST is alive and well in public and private sectors — indeed, it ranks close to self-preservation as one of the foremost and universal traits of the human condition.

The key to understanding the general pattern of behaviour in each sector is determining how institutional arrangements affect self-interest. In other words, average employees in both sectors pursue self-interest, but by different behaviour because of the influence of differing institutional environments.

The prevailing type of behaviour, in each sector, is that most closely linked with self-interest.

Besides similar preoccupations with self-interest, what other indications are there that employees in both sectors are pretty much the same?

A major indication is the rather unplanned way most people end up in one sector or the other. Most of us know some persons in the private sector who would rather be in public service, and vice versa. At the time such a person becomes aware of his true preference, circumstances often make it too difficult to change.

What remains is to make the best of it by pursuing self-interest within the relevant institutional framework.

Acknowledging all the necessary qualifications to generalisations:

- In the private sector, self-interest is closely associated with producing those goods or services that represent the reason the company is in business;

- In the public sector, it is closely associated with "keeping your head down" (for the less adventurous) and pleasing superiors (for the more adventurous).

In the private sector, pursuit of self-interest tends to conform with the company interest (being profitable). In the public sector, self-interest-based behaviour may conform to providing good public service, but not necessarily or very often because providing such service is not essential to survival of either the organisation or the employee.

The link between employee self-interest and superior provision of goods and services by the company is fairly strong.

The link between employee self-interest and superior performance by a public organisation is significantly weaker.

There is a serious motivation problem in most public organisations. The problem is a complex one of type and degree.

The possible types of motivation are positive and negative. The limited presence of positive motivation is indicated by the handful of individuals who have truly become managers, successful in improving the efficiency and effectiveness of the organisations they lead.

How little positive motivation has been provided is also indicated by the very superior performance of those managers. Their situation is analogous to that of blacks and women in corporate America who have to be 200 and 300 per cent better than their white Anglo-Saxon Protestant peers to progress into the upper echelons of managements.

What have been the results of insufficient positive motivation? An individual's desire and ability to truly perform the

management function is not universally applauded and rewarded. Of those with desire and ability present during their early careers, the majority have given in to intense pressure for administrative mediocrity.

Only the handful who had courage (to risk their careers) in addition to work and management skills have succeeded in fulfilling their potential.

What about the rest, those who fill the vast majority of up-

below are detrimental to efficient and effective work performance. (Why these characteristics are prevalent in the public service is treated elsewhere, our immediate concern is their description and establishing linkages to self-interest and motivation):

(1) Management decisions and control of resources are too centralised.

It is proper for national level policy decisions and their co-

follow the same pattern with lower levels of their own organisations.

Besides the obvious mis-allocation of resources, this preoccupation with the details of work performance tends to obscure why the work is being performed. As indicated in an earlier article, the public sector is handicapped by not having a "bottom line" to provide overall guidance for its work. If there is also confusion as to

ARE those in the private sector more interested in themselves, in bettering their own circumstances, while those in the public sector are primarily involved in an altruistic public service? Of course not, but behaviour dictated by self-interest is very different in each sector. Ben Davis examines this point in the fifth article of his series on the processes of change.

major management tasks of planning, liaison, coordination and control are relatively easy. • Not many such projects are under way concurrently,

responsibility has been well documented in recent years. In the foreseeable future the possibility of a minister resigning, even when there is a first-class debacle in his portfolio, is remote.

The permanent heads of departments are just that. At lower levels, even serious failures of performance, causing both great expense and severe penalties to some of the public, do not result in even remotely comparable disadvantage to the public servants responsible, if indeed any penalties are imposed at all.

The recent Correspondence School fiasco is a case in point. As reported in the press, an error in the school's budget resulted in decreased budget levels for staff. When the error was discovered by those who had made the mistake, an attempt was made to reduce the school staffing levels accordingly, rather than admit the budget error.

Probably only because the existence of jobs was threatened was the matter revealed to the press. Would an error in the school budget "only" affecting students have been leaked to the press? A better example of self-interest in opposition to the public interest would be hard to find.

(4) Lack of visibility. Careful reading of the newspapers in the weeks and months following the two or three stories on the Correspondence School budget error failed to turn up any reference to what happened to those responsible. Justice must not only be done, but be seen to be done.

Silence as to who was responsible and what corrective action — if any — was taken by management to ensure that such a situation would not recur is destructive of public confidence and to the morale of public servants who act responsibly.

(5) Lack of cause and effect linkages.

A corollary to lack of accountability and visibility is the infrequency with which individual work performance is directly linked to rewards or punishments. For the vast majority of the public service, there seems to be little connection; wide variance in the quality and quantity of work performance has little effecting on pay or promotion increases. Even more damaging to good work performance than the indiscriminate granting of rewards is the almost complete lack of penalties.

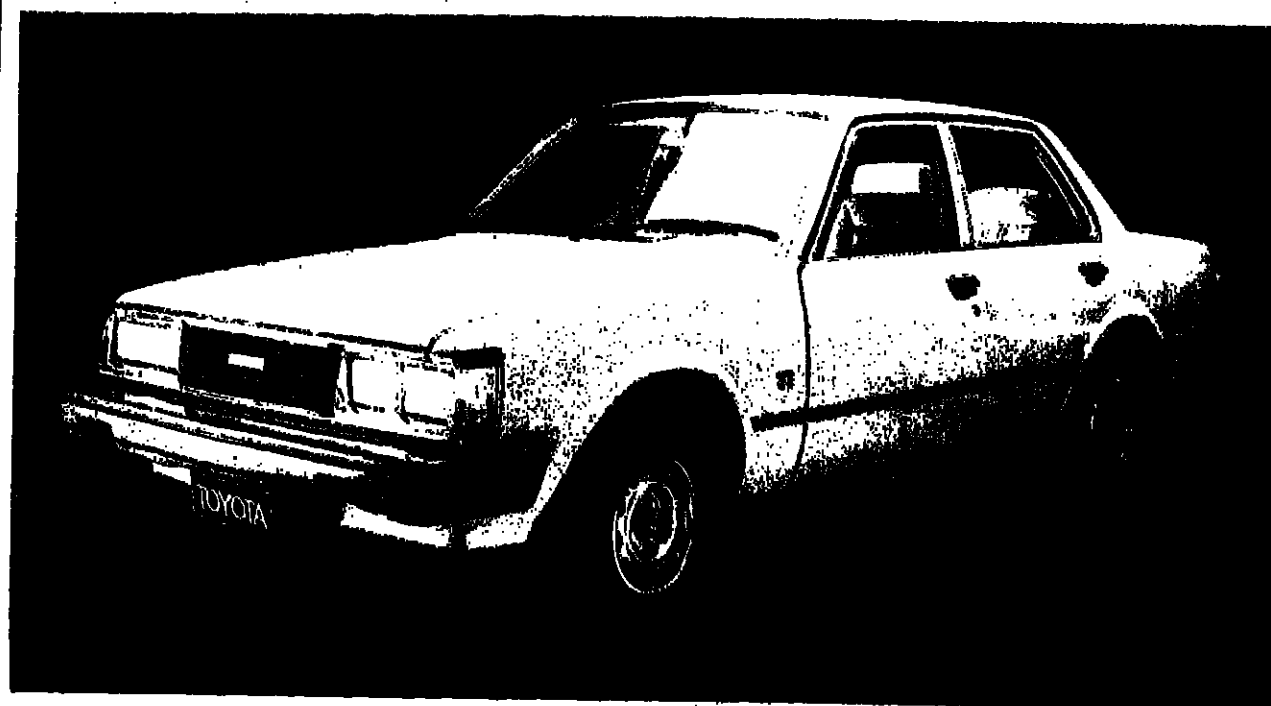
The minority who strive for better work performance tend to do so, at least to some degree, even when pay and promotion rewards are inadequate, delayed, or both.

The majority who do so more than what is required of them are greatly affected by the dearth of penalties for poor work performance. The quality and quantity of work performed by this majority is directly linked to the imposition or lack of penalties.

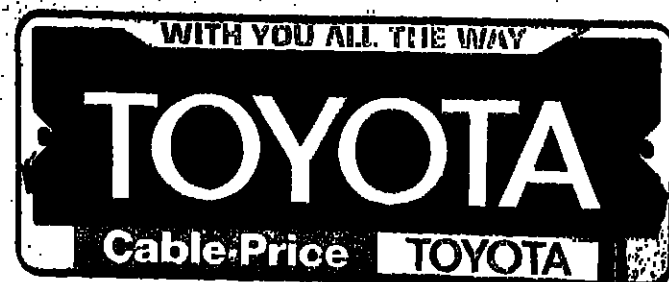
Thousands of public servants to achieve ever closer relation-

Continued Page 41

HERE'S YOUR NEW CORONA



We'll treat it like we want to deal with you again



Whangarei; Auckland; Rotorua; Taumarunui; Tokoroa; Porirua; Lower Hutt; Wellington; Nelson; Christchurch — L.M.V.I.

per echelon public service positions?

As defined in an earlier article in this series, they are administrators of the status quo, and most of them are good administrators. The magnitude of qualitative human resources lost by New Zealand would only become apparent if the careers of those good administrators were traced.

Many of them, early on, had the desire and ability to become good managers; but not with the intensity required to persevere in what was and is essentially a hostile environment to major change and the superior managers capable of bringing it about.

By negative motivation, we mean eliciting better performance by the threat of penalties rather than the promise of rewards.

Persons skilled in the development and practice of good management agree that the characteristics described

ordination to be centralised at the highest government levels. It is very poor management practice for the same levels to make department and lower level management decisions and exercise detailed control over resources.

(2) Detailed work is supervision orientation rather than objective achievement orientation.

Parliament, when writing laws, often acts as if MPs were working at the lowest level of administrative implementation. Legislation should be the legal expression of policy, clearly stating the goal to be achieved and providing guidelines for those properly concerned with implementation.

With "what" is to be accomplished clearly stated, the "how" should be left to those responsible for policy implementation. The department heads, perhaps because Parliament has usurped their major management responsibilities,

why work is being performed (not clear what goods/services are being provided to what clientele) then it is easy to drift into a situation in which work is performed as an end in itself.

Special projects, by their nature, favour an objective/achievement orientation. Railway construction, forestry development, hydro-electric projects, breaking in new farm land, have demonstrated the public sector capability for superior work performance.

Major reasons for successes in these areas are: • Tangible (physical and specific) objectives to be achieved by work performance are mostly in areas such as construction and engineering that are relatively easy to plan and control.

• In most cases, only one government department is primarily involved and responsible. Involvement by other departments or the private sector is peripheral, therefore the

therefore key positions could be filled from the small pool of top personnel in the department.

Another characteristic of special projects is that the objective is generally one of capital formation. As defined in economics, a capital item (say a hydro-electric dam) does not directly meet the needs of final consumers, but does (indirectly) make meeting those needs possible through power generation.

Whether by special projects or otherwise, the direct provision of goods and services to the ultimate consumer (the individual citizen or organisation) is not performed nearly as well as capital formation projects. For example, the building of a school is performed well, but whether even half the children attending the school receive a good education is much less certain.

(3) Lack of accountability. The decline of ministerial

Thailand's plea to us: take more refugees

by Allan Parker

THAILAND has made a special plea to New Zealand to take more South-east Asian refugees.

A senior government official in Bangkok used a recent briefing on Thailand's economy as an opportunity to ask visiting New Zealand and Australian

journalists to "please bring up the problem (Thailand's massive refugee population) with your readers and government".

Wichai Suthiyakom, Deputy Under-secretary for foreign affairs, added: "Please take more refugees."

New Zealand has so far taken about 4000 Indo-Chinese

refugees — just under half Kampuchean and Laotian borders in Thailand's east and north-east regions. Australia, by comparison, has so far resettled some 50,000 refugees, 15,000 from the Thai camps.

At the peak, Thailand had 500,000 refugees from Kampuchea (the bulk), Laos and Vietnam.

Resettlement has reduced that number to some 350,000, which is still a severe drain on the Thai economy.

The Thai Government is obviously concerned that, after the mutual rush of publicity when the Asian refugee and boat people exodus became an international cause celebre, the world now believes the problem has gone away.

The recent Bangkok briefing reinforced a visit to New Zealand by Thailand's Foreign Minister Siddhi Savetsila last February.

At that time he recorded Thailand's appreciation of New Zealand's resettlement efforts, noting that one out of 900 New Zealand residents is now an Indo-Chinese refugee.

Current New Zealand intake policy is for family reunification — "tidying up the loose ends of split families" is how

one official described the policy.

In fact, the policy is recognised by both the Thai Government and the United Nations High Commission for Refugees as unique because we will accept handicapped and non-income earning members of families rather than just productive people.

Realistically, the recent Thai plea accepts that New Zealand has a small population and a large resettlement programme would be disruptive both for the refugees and New Zealanders alike.

Rather, the Bangkok Government hopes New Zealand will maintain the current steady flow of refugees and not reduce it.

To this end, Thai officials stress New Zealand's historic links with their country through such arrangements as

Seato and the Colombo Plan.

Meanwhile, New Zealand officials associated with the resettlement programme report a slight northward drift to Auckland among the refugees who have been here for some time. As with New Zealanders themselves, this is particularly noticeable among the young and unattached.

However, the drift is not significant and large communities of refugees remain in the other metropolitan and provincial centres in which they were first resettled.

Most of the refugees who are able to work move initially onto factory production lines where a good command of English is not essential.

But once their English improves and they become more familiar with New Zealand society, they tend to look elsewhere for jobs.

From Page 40

do much less than they can do (and much less than they are paid to do) because they would respond to the negative approach of possible penalties rather than the positive approach of promised rewards. They are employees essentially satisfied with pay and status ("essentially" means deciding not to exert themselves so as to better their circumstances). But, if significantly higher quality/quantity of work performance was required to maintain their present circumstances, they would do so because they are capable of better work.

What is now becoming clear, as the bits of mosaic from this series of articles are put in place, is the magnitude of the job facing the public sector. The various organisations must accomplish significant internal change to become capable of leadership and participation in the process of change New Zealand itself must rapidly accomplish.

(8) The effects of organisation structure: compounding self-interest and motivation problems.

Earlier in this article it was noted that special projects tend to be more successful undertakings in the public sector, particularly those primarily involving only one organisation. Because of people problems complicating management and control, the fewer the organisation units involved in one project, the greater the probability of success.

Most problems today are complex ones involving systems, and attempts to solve them must use a systems approach. Organisations are generally structured by grouping together similar work functions, with vertical columns of boxes on the organisation chart (finance, manufacturing, etc.) showing the line relationships.

The systems approach to problem solution requires a single project team to be made up of all the relevant work specialties. Therefore the project team, composed of one or a few from each of the "vertical" organisations, poses substantial management and control problems.

Both private and public sector organisations are subject to the conflict between the work specialty/vertical/permanent groupings for administrative purposes and the project team/horizontal/temporary groupings designed to achieve specific management objectives through the process of change.

Public sector organisations generally experience greater conflict because of organisation size (larger), less flexibility (imposed as well as built-in), plus less experience in project/programme organisation structures.

Successful performance in multi-year systems-type programmes, through the yearly project objectives that build up to final achievement of the programme goal, is very difficult. Even in the most highly motivated private sector organisations that specialise in this type of work there are frequent failures.

Constant innovation goes on to achieve ever closer relation-

There's a time and place for antiques. It isn't today's office.

The old grey filing cabinet "ain't what it used to be" — a timeless repository for every kind of reference material and records the old-style office produced.

In the Information Age, there's a new set of demands on storage/retrieval systems. And a new breed of efficiency required to match the pace set by mini-computers, microfilm and electronic word processors.

The watchword is "Precision". The trend is towards colourful harmony in the work environment. And the overwhelming need is for office equipment that's designed and built, precisely for the task and the type of material.

If you pride yourself on keeping abreast of, or even ahead of, the latest developments in modern office procedures, you'll be taking a critical look at your existing furniture and equipment. Assessing its suitability in both efficiency and decor terms. Asking your secretarial and clerical people what works and what doesn't.

And you'll brief someone to buttonhole the Precision Person next time he or she calls. Or phone a leading office furniture and stationery supplier near you and arrange a special visit.

The Precision Office Improvements catalogue will open your eyes to what's been happening in office equipment design since you last looked.

And who knows, those old grey filing cabinets may fetch a handsome price as collectors' items.

Precision — available from Office Furniture Specialists and Commercial Stationers everywhere.

Precision
Streamlining for people and profit.

A.H.I. Precision Engineering Company

MAJUS 2029



Computers

Getting the best out of DP — within budget

by Stephen Bell

"THIS project is only 300 per cent over budget" — barely an exaggeration, the quote was chosen by Graeme Short as a starting point for a recent address to the Wellington branch of the Computer Society.

The discussion highlighted a problem familiar to most managers who have introduced a data processing component into their business; while other company departments manage to keep reasonably within budget, DP developments seem doomed regularly to exceed planned costs and schedules.

Short saw the situation graphically as an adjustable triangle, but one under a great deal of strain.

While the users pushed on one corner, representing the development time of the system, the DP department was pushing in the opposite direc-

tion, intent on improving quality and reliability.

The poor company accountant sat hard on the apex of the triangle, trying to force the costs down.

One is bound to ask: need this be so? On the software side, the applications package merchants would have us believe that few computer applications are essentially new; most could be covered by an already developed high-quality package at zero development time and a cost spread over hundreds or thousands of users.

But this argument usually stumbles on the fixation of company individuality — our problems are different from everyone else's. The great package boom, expected for years, has never really eventuated.

Fortunately, the package-

sellers themselves are realising the drawbacks to rigidity and a new generation of flexible packages is coming on to the market.

At the extreme of this philosophy, are the software tools which can tack together pre-stored modules of program

to handle basic functions (inquiry, file update, and so forth), with additional parameters to "tailor" the system to the individual's requirements.

This appears to be the decided direction of IBM.

Contrasting with this is the

"pre-processor" philosophy, providing a language in which the individual system can be designed quickly "from scratch".

This language can vary from an abbreviated version of a conventional programming language to something like

Burroughs's Linc, describing business entities and processes rather than pure data manipulations.

Such a tool has the merit of "bridging the gap" between the way management understands the system and the way the programmers view it.

Tasman decision pushes FCL towards Facom

by Stephen Bell

A PROVISIONAL decision by Tasman Pulp and Paper to take on Japanese computer equipment from Facom can only encourage bets on the Fletcher Challenge group going the Japanese way.

Tasman had not signed a firm contract as NBR went to press, and official comment was still being refused, but it is understood that there is almost

no chance of the decision going to another contender.

Meanwhile, ICL, Tasman's current supplier of computing power, has weighed in as a third contender for the main Fletcher Challenge computer upgrade.

Challenge Computers Ltd, the newly-formed computing services subsidiary of the group, is already the agent for Facom's V series of small business machines, and has a

tender out for a large upgrade to its computer network (NBR, June 29).

Tender documents were originally sent only to Facom and to Burroughs, which currently runs the Challenge computer network; but ICL subsequently requested a copy and is considering a bid for the project.

Fletcher and Tasman currently use other manufacturers' equipment and interworking would be managed by communications links where necessary, said Challenge Computers general manager Terry Smith.

If Challenge were to go for Facom, the interface with Tasman would be far simpler, though obviously this would not be enough by itself to sway the decision.

Tasman discounts any Challenge influence in its move towards Facom. The Japanese manufacturer was one of the candidates long before Challenge took up the V series agency, said spokesman John MacDonald.

"We talk to each other, as brother or sister companies, but Challenge's decisions are Challenge decisions and our decisions are our own," he told NBR.

The Tasman move ends a long association with ICL, while a Challenge shift to Facom would end Burroughs's protracted presence there.

Facom's first local success, of course, was with IBM user Air New Zealand.

But a good deal of the company's early business in Australia was in replacements for Burroughs hardware.

In the third arm of the Fletcher Challenge group no change is being considered at present, said spokesman Bill Sinclair.

Fletcher's computer resources are diverse; besides using Challenge and other bureaux, it has a number of machines processing the work of individual companies, and "about 10 brands" of computer are involved, he said.

Linc wins accolade:

by Stephen Bell

INTERNATIONAL research-er Richard Murch, at the end of a week's exposure to local computer systems development aid Linc, (NBR, July 6) pronounced it a "world class" product.

The product is aimed at bringing the user closer to the computer systems development process. Murch has been investigating this kind of product worldwide on behalf of respected author, lecturer and consultant James Martin.

He is conducting research for Martin's next scheduled book, the second in a series on developing computer-based systems "without using programmers".

Next month, a party from Burroughs head office in Detroit is due here to look at the product, raising the prospect of the manufacturer adopting Linc for worldwide marketing.

Murch says unequivocally that "application generators" like Linc represent the future direction of computer systems development. They will be the means of boosting productivity and ensuring closer conformity of computer systems with the needs of management.

By comparison, he said, the widely publicised techniques of "structured" systems analysis and programming had failed.

Productivity improvement from such techniques varied from "nought to 25 per cent", and their use hardly impacted the relevance of the final programs to management needs.

Application generators could lift productivity by "several hundred per cent", and involve management far more closely with the development process. Local Burroughs spokesmen

maintain that Linc has already demonstrated such benefits, and reports from users seem to support this view.

In some cases, managers were already doing their own systems development directly, said LDC representative Mel Weston.

But more commonly, systems analysts and programmers continued to do the actual coding of Linc statements; managers' knowledge of Linc meant that they and systems analysts were talking the same language.

First candidates for Linc courses still tend to come from the user's DP department, but management representatives either accompanied them or followed soon after, said Burroughs.

An important advantage of Linc was its use for building "prototypes", said LDC manager Peter Stephenson.

The systems analyst could write Linc statements based on end-user expression of requirements and take them back to the users.

Because they understood Linc code, they could competently approve the prototype or point out any misunderstandings.

Murch, during his week's visit, became thoroughly immersed in Linc, taking on the new compressed five-day Burroughs course alongside prospective users.

He was visibly impressed with the product, comparing it favourably with some of the overseas aids to management development of computer systems.

Given good marketing back-up, Linc "will make a great impact on Burroughs users", he predicted.

Linc, originally developed by two independent consultants,

Computers

Bad news: computer power won't come any cheaper

by Stephen Bell

AMERICAN computer guru Herb Grosch predicts a lot of improvement still to come in raw computing power. But before you develop visions of cheap business automation, there is bad news to come; and after that, more bad news.

Bad news, part one: despite the optimism of Grosch's New Zealand hosts, Burroughs, programming will continue to be a labour-intensive business.

The proportion of computing funds expended on ap-

plications development was already about 65 per cent and destined to reach 80 per cent in 10 to 15 years' time, he forecast.

What about the shortening of the program development process promised by Burroughs Linc and similar aids? Linc, said Grosch, is "just another language. There'll still be programmers."

But surely such aids would allow management to take on part of the systems development effort? "You can call

them programmers, analysts, managers, whatever you like," Grosch told NBR, "you'll still need someone to do it." And there would still be plenty of work for them all to do.

"It's Parkinson's law," he said. The amount of work that computer systems will do would expand to fill the human resources available to devise the systems.

Bad news, part 2: as a computer user, you're not going to have that much of the new power available to you anyway.

Computer systems would be freighted with an increasing amount of systems software dedicated to administering the machine's internal processes and would spend less and less time doing anything useful.

Already, he said "the average computer runs at about 10 per cent efficiency". The adventurous multi-processor networks now being pushed by computer manufacturers might eventually spend 99 per cent of their time on internal administration.

It was simply not in the in-

terest of the more successful computer companies to produce machines offering the user more real power, said Grosch.

IBM — his former employer — currently commands about 60 per cent of the market. If it brought out a machine with twice the end-user-power for the same cost it would knock out most of the competition, and increase its market share to around 90 per cent.

But the number of machines sold and IBM's income would immediately drop to half what it was, leaving the company in a worse position than before.

So IBM, in particular, continued to pile on the software and encourage users into more complex systems.

Rivals like Burroughs have much lower market shares, and it would actually be to their advantage to offer the end-user more power. Burroughs is "try-

ing to develop good software," said Grosch, but the effort was not universally successful.

Distributed processing — several small machines connected in a network — was not the solution to complexity, cost, or productivity problems, though it was often touted as such, said Grosch.

"If you have lots of nodes, each operated by two people, and one gets knocked over by a bus, you're in trouble," he told NBR. "You get best results from your people by clumping them together in one place."

Small machines in the charge of the end-user were another mythical expense-saver. "You might think 'I'm saving by not using programmers or data preparation staff', the reason you're not using them is that you're doing it yourself — badly. That's not saving costs, just hiding them."

Survivors in big league 'will all be American'

THERE will be no European survivors in the mainframe computer industry in 10 to 15 years' time, Herb Grosch predicted during his New Zealand visit.

The four Western companies who would outlast this period, he said, were IBM, Burroughs, Univac and Control Data — all United States firms.

Others, he acknowledged, may survive, handling specialist markets, but they would no longer be in the business of making general-purpose central machines to which other companies would want to link their own equipment.

There would continue to be room for "plug compatible" manufacturers, making cut-price duplicates of the main-

framers' processors and peripherals to link into them.

Grosch discounted the much publicised Japanese threat to US dominance of the computer market. Three of the six Japanese companies in the business — Hitachi, Fujitsu and the Nippon Electric Company — he also ranked as survivors, but they had no chance of catching up with the state of United States computer technology.

later, he admitted to NBR that there just could be a catch-up in the long term, but the chance was remote.

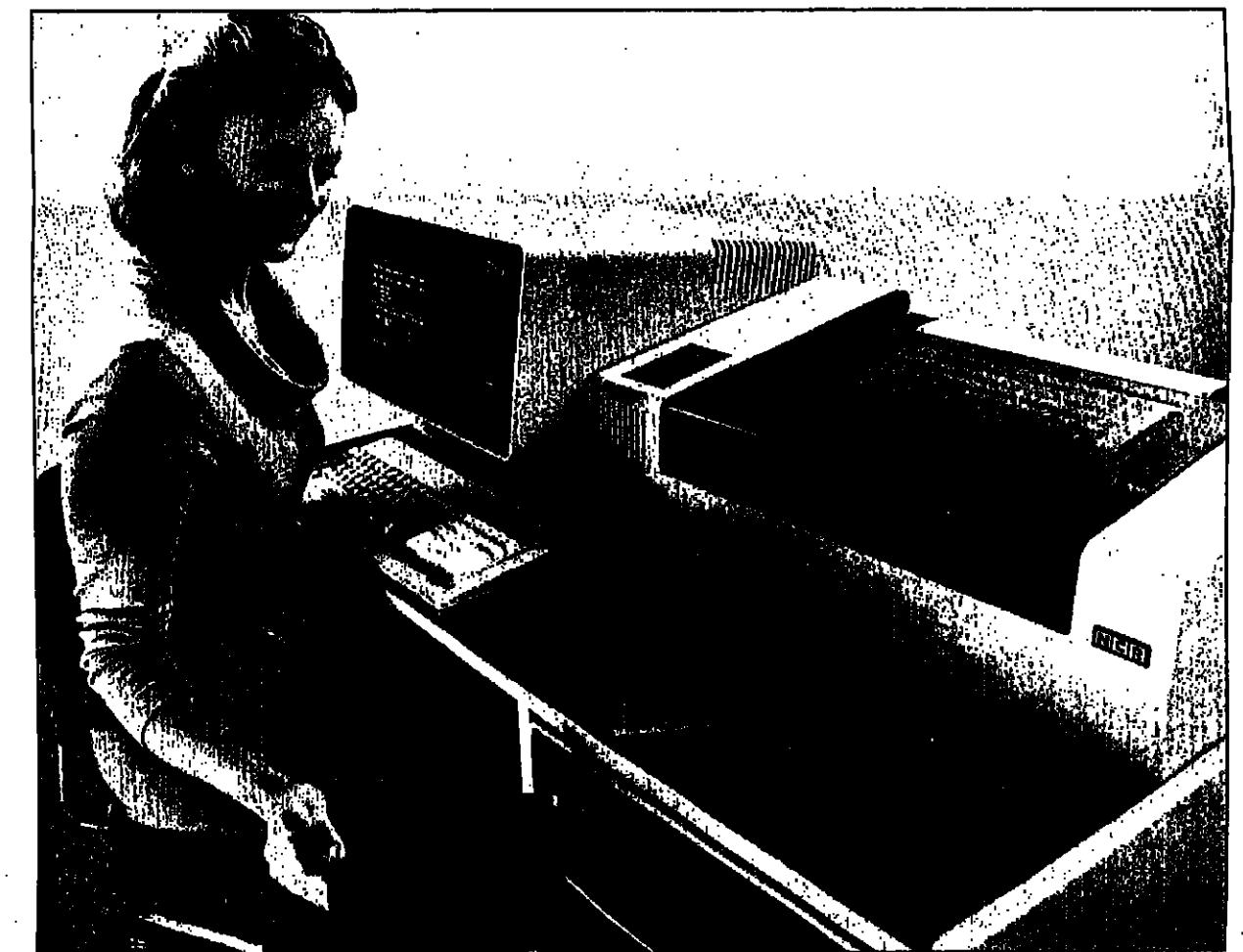
A significant weakness of the Japanese industry, he said, was a lack of inter-company cooperation — a view at variance with the conventional "Japan Inc" image. "Hitachi and Fu-

jitsu don't even talk to each other. In Silicon Valley, gossip flies at the speed of light."

The Japanese companies also lacked strong enough contacts

with the educational system to take advantage of a steady flow of university research information into the industry, said Grosch.

Announcing the new NCR I-8140



The computer for any business that means business

This interactive computer system gives you the productivity and control your business needs and it does it at the right price.

It's a computer that means business. For one thing, the I-8140 understands the easy-to-use BASIC language. So your staff can handle your programming with ease.

Even though the I-8140 is very sophisticated it's easy to operate, actually guiding the operator through each transaction. That is

especially valuable for the EDP novice.

If you need another reason for selecting an NCR computer, consider the trained support that is always nearby.

Check with your NCR representative for more information about this computer for any business that means business, or write to Manager, Commercial Industrial Systems, NCR Centre, PO Box 5945, AUCKLAND.

NCR
Complete Computer Systems

IBM IBM New Zealand Limited

July 1981

WORD PROCESSING BRIEFING
Mathematics and Columns

Column Operations

The IBM Displaywriter System, when loaded with the Licensed Program Product "Textpack 3", provides for the creation and manipulation of text and numbers in tabular format.

Column Layout: To neatly layout columns of numbers usually requires calculations on the part of the typist. The Displaywriter's "Column Layout" function allows the typist to enter on the screen a "sample" one-line in each column as a "template" and then the space to be inserted between the columns so that a balanced, neat-looking table results.

Attribute Tabs: All levels of Textpacks (from the entry-level "Textpack 1" up to the sophisticated "Textpack 3") with its merge and mathematics functions) provides for "Attribute Tabs". This means that when a typist uses the Tab key to find the next column, the machine can be "programmed" to automatically align the figures at the decimal point - without further typist intervention. The "Column Layout" function makes the table set-up very fast and accurate, the "Decimal Point Layout" makes the typing equally straight-forward. Automatic centering is another "Attribute Tab".

Column Movement: If last year's Balance Sheet needs to be re-arranged so that the "old" column is deleted and a "new" one inserted (the text being relatively unchanged) the Column operations of Textpack 3 will prove very useful. The Textpack 3 will operate on the screen so that the typist is confident of just how much copy is to be affected.

Summary: "Textpack 3" contains all of the functions of Textpacks 1 and 2 but with additional capabilities of merging text, performing mathematical operations and the setup and manipulation of numbers and text in tabular format. You rent only one Textpack and that is the one which most nearly matches your needs.

Regarding
Noel Chapple
Market Support Specialist

Did you know that the first customer installations are about to take place.

"If You Need Solutions, Then You Need IBM."